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Thursday,
4th December, 1952

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

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NEW DELHI

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THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

HOUSE OF THE PEOPLE

Thursday, 4th December, 1952

The House met at a Quarter to Eleven of the Clock

[MR. DEPUTY-SPEAKER *in the* Chair]

ORAL ANSWERS TO QUESTIONS

KARNATAK MUSIC

*907. **Sardar Hukam Singh:** Will the Minister of **Education** be pleased to state:

(a) whether the constitution of the academy for development of and research in Karnatak Music and Dancing has been finalised or not; and

(b) whether any similar academy of music is proposed for any other region of the country?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) No.

(b) Yes, it is proposed to establish an Academy of Hindustani Music.

Sardar Hukam Singh: May I know whether the Academy of Karnatak Music is going to be on the lines of a University with affiliated colleges in different regions?

Shri K. D. Malaviya: Certain proposals were made to southern States which are mainly concerned with the creation of this Academy. They have not yet agreed to our proposal, and therefore the hitch. As soon as we hear from them that they agree to the proposals made, this Academy is expected to be established.

Sardar Hukam Singh: Is there another proposal to have an Academy at Lucknow of Hindustani Music, and whether that has matured or has been dropped?

Shri K. D. Malaviya: Yes; this is another proposal.

منسٹر آف ایجوکیشن اینڈ نیچرل ریسورسز اینڈ سائنٹیفک ریسرچ (مولانا آزاد): لکھنؤ میں ایک میوزک کالج موجود ہے۔ یہ بات گورنمنٹ کے سامنے آئی تھی کہ جس طرح کرناٹک میوزک کالج کو مدد دینا گورنمنٹ نے طے کر لیا ہے، اسی طرح اسے بھی مدد دے۔ لیکن اس بارے میں اسٹیٹ گورنمنٹ سے جو بات چیت ہوئی تھی، وہ کسی نتیجے تک نہیں پہنچ سکی۔ بہر حال گورنمنٹ کے سامنے ہندوستانی میوزک کے کالج کی تجویز موجود ہے۔ اور وہ غور کر رہی ہے کہ اسے کس طرح عمل میں لایا جائے۔

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** There is already a music college in Lucknow. Government considered whether it should also give aid to this college also, as it has agreed to give to the Karnatic Music College. But the talks held with the State Government in this connection were inconclusive. In any case, the proposal for a college of Indian Music is before the Government and the question how it should be implemented is under its consideration.]

سردار حکم سنگھ: دہلی میں جو اکیڈمی قائم کی جائے گی، کیا اس کے جو کالجز ہوں گے وہ دہلی میں ہی ہوں گے یا ڈفرنٹ ریجنز میں اسکیٹرڈ ہوں گے۔

[**Sardar Hukam Singh**: Will the Colleges of the Academy to be established in Delhi be located in Delhi or will they be scattered in different regions?]

مولانا آزاد : اس وقت جو تجویز
سامنے ہے وہ یہ نہیں ہے کہ دہلی میں
ہوں - جس اسٹیٹ میں انتظام ہو
سکے گا وہاں وہ چلائے جائینگے -

[**Maulana Asad**: The present proposal does not envisage that these would be located in Delhi. They would be started in any State in which arrangement can be made.]

سردار حکم سنگھ : آیا یہ اکیڈمی
صرف میوزک تک ہی محدود رہے گی
یا ڈانسنگ کا سبجکٹ بھی اس میں
رہے گا

[**Sardar Hukam Singh**: Will this Academy be confined to music only or will it include the subject of dancing also?]

مولانا آزاد : کالج کی تجویز
میوزک کے لئے تھی -

[**Maulana Asad**: The proposal related to a college of music.]

سردار حکم سنگھ : اور جو ڈانسنگ
کی تجویز ہے وہ چھوڑ دی گئی ہے

[**Sardar Hukam Singh**: Has the proposal regarding dancing been given up?]

مولانا آزاد : چھوڑ نہیں دی گئی
ہے - لیکن کالج کی تجویز میوزک کے
لئے تھی -

[**Maulana Asad**: It has not been given up, but the proposal related to a college of music.]

Shri B. S. Murthy: Is the Central Government aware that there is an Academy of Karnatak Music and Bharata Natiya in Madras supported by the Government of Madras? And may I know whether the Government of Madras have asked for any financial assistance, and whether any help has been rendered?

Shri K. D. Malaviya: There were some negotiations going on between the Madras State Government and the Central Government on the question of the extent of financial help. They require some more help. We have not been able to agree to that proposal because they want the major share of the burden to be borne by the Central Government. We have agreed to share the burden, to the extent of 33 per cent. As soon as they agree to the proposal made by us, things will go ahead.

Shri B. S. Murthy: Is it the intention of the Government to help recognised system of music obtaining in the country such as Karnatak Music?

Shri K. D. Malaviya: Yes, Sir.

Mr. Deputy-Speaker: They are willing already. They say they will contribute 33 per cent.

Shri M. S. Gurupadaswamy: May I know whether some time back the officers of the Madras Government, Mysore Government and Hyderabad Government met to discuss the question of starting an Academy of Music, and if so, whether they have taken a decision as regards the location of the Academy?

Shri K. D. Malaviya: They met some time in 1951 and held certain preliminary discussions, and made some proposals. There is not much agreement between the Government of India and those States.

Shri N. P. Damodaran: May I know whether there is any proposal to start an Academy for Music, Dancing and other fine arts by the Central Government?

Shri K. D. Malaviya: These are the proposals to which I have just now referred. There is no other proposal, before the Government.

SUB-COMMISSIONS OF THE INDIAN NATIONAL COMMISSION

*908. **Shri S. N. Das**: Will the Minister of Education be pleased to state:

(a) whether all the three sub-Commissions of the Indian National Commission for co-operation with UNESCO have been fully constituted and are working;

(b) whether any programme of work has been drawn up and if so, what; and

(c) the names of the educational, scientific and cultural organisations entitled to have Associate Membership of this Commission?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) The three sub-Commissions are being reconstituted in accordance with the revised constitution.

(b) A tentative programme has been drawn up in the Ministry for the consideration of the Commission and is given in the statement laid on the Table of the House [*See* Appendix V. annexure No. 32]

(c) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 32]

Shri S. N. Das: May I know, Sir, whether the Textbook Committee which was appointed by the Indian National Commission has finalised the work in regard to the scrutiny of Indian History textbooks?

Shri K. D. Malaviya: We have not yet received the report of the Textbook Committee.

Shri S. N. Das: May I know, Sir, how many Committees are functioning under the auspices of the Indian National Commission?

Shri K. D. Malaviya: There are three sub-commissions which have proposed by the interim Indian National Commission, and these sub-commissions are: The Education Sub-Commission, The Science Sub-Commission, and the Cultural Sub-Commission. These are in the process of being formed. As soon as the names of representatives of States and other associations have been received by the Government, they will be formed.

Shri S. N. Das: I wanted to know the various Committees functioning under the Indian National Commission such as *Ad-hoc* Committees of the Science Commission, the Textbook Committee, the Translation Committee, the Popularisation of UNESCO Committee.

Shri K. D. Malaviya: I haven't those informations just now.

Shri S. N. Das: May I know whether a Seminar on Gandhian teaching and philosophy has been held or is proposed to be held?

Shri K. D. Malaviya: So far as is known to me, it is to be held some time early next year.

Sardar Hukam Singh: May I know whether any important problems were studied by this Commission or its Committees during the last year, and whether they have given any report.

Shri K. D. Malaviya: Only the Constitution has so far been prepared by the interim Commission, and as soon as the permanent Commission is formed all important problems will be considered by them.

Sardar Hukam Singh: May I know whether any session of the Commission was held after 1951?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): No.

Shri S. N. Das: From the statement it appears that a certain number of educational scientific and cultural organisations have been approved for associate membership of the Indian National Commission. What is the basis on which these organisations are approved, and have the applications of certain institutions been rejected?

Shri K. D. Malaviya: I am not aware whether applications have been rejected or not.

Shri B. S. Murthy: Is there any officer of the Commission in charge of the Gandhian seminar to be held in India?

Shri K. D. Malaviya: I am not aware.

OCEANOGRAPHY

***909. Dr. Rama Rao:** (a) Will the Minister of Education be pleased to refer to the reply to unstarred question No. 668 for 31st July, 1952 and state whether a foreign Professor is coming to India to guide and direct Oceanographic research in an Indian University?

(b) If so, who is he and what is the agency through which he is coming?

(c) What are his emoluments as met by the Government of India?

(d) How long does he propose to stay here and what are the detailed schemes of his work here?

(e) Which is the University at which he is to work and since when did the work on oceanography start at this University?

(f) Is it a fact that oceanographic study of Indian waters will make available data of vital importance to the Naval Defences of the country?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Yes, Sir.

(b) Prof. Eugene C. LaFond, Head of Oceanography Branch, U.S. Navy

Electronics Laboratory has come to India through the United States Educational Foundation in India.

(c) Nil.

(d) The Professor has come to India for nine months. The scheme of his work is—

- (i) to survey the geological and biological features of the Western Part of the Bay of Bengal.
- (ii) to do advanced teaching work in Oceanography, and
- (iii) to train members of the staff of the University in the methods of advanced investigations.

(e) Andhra University. The subject of Oceanography was introduced in the University in 1948 as a special subject in University Department of Atmospherics and Meteorology.

(f) Such study will lead to an increase of knowledge and the results of the survey would be very useful to the Indian Navy. The Government do not consider that this matter is such that from the point of view of defence all scientific research in connection with it should be barred.

Dr. Rama Rao: May I know, Sir, if the United States Naval Officer has any teaching experience in any University?

Shri K. D. Malaviya: I think he has enough experience, because he is the head of the Oceanography Branch of U.S.A.

Dr. Rama Rao: As a naval officer, has he had any experience in any University?

Shri K. D. Malaviya: I am not aware of it.

Shri B. S. Murthy: How many students who have obtained degrees in the Andhra University in Oceanography, have been sent to foreign countries for further training?

Shri K. D. Malaviya: I have no information.

Shri V. P. Nayar: May I know what is the period of service of this officer in the United States Navy? May I also know what steps the Government take to prevent such officers who come to India for doing scientific work, from using information which they gather here, against the interests of India?

Shri K. D. Malaviya: We have said that we cannot bar the studies in oceanography or any of these sciences, because of just a doubt that somebody would take away information from here.

Shri V. P. Nayar: That is not the answer to my question. My question was. . .

The Prime Minister (Shri Jawaharlal Nehru): May I say a word, Sir? The only answer that can be given is that Government is vigilant about that. But Government, keeping that in consideration, does not want scientific work to suffer. If they have any doubt about anything being done which is contrary to national interests, well, they intervene.

Shri V. P. Nayar: That is an answer only to the latter part of my question. The first part of my question was this. Has the Government any information about the period for which this officer has been working in the United States Navy?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): Nine months.

Shri V. P. Nayar: I am not asking for details of his service in India. I want to know what period of service this officer had in the United States Navy?

Shri K. D. Malaviya: We are not aware of it.

Dr. Rama Rao: May I know whether the selection of a major port like Vizagapatam has anything to do with his selection?

Shri K. D. Malaviya: No, Sir.

RURAL BANKING ENQUIRY COMMITTEE

*919. **Shri S. C. Samanta**: Will the Minister of Finance be pleased to refer to the reply to starred question No. 3122 asked on the 14th April, 1951 and state which of the recommendations of the Rural Banking Enquiry Committee have been implemented so far by the Central Government?

The Minister of Revenue and Expenditure (Shri Tyagi): The actual implementation of most of the recommendations lies within the sphere of action of the Reserve Bank of India and the State Governments. The Government of India is concerned mainly with initiating action and providing guidance to the State Governments as to the steps to be taken by them for implementing the recommendations. For the action so far taken in this direction, the attention of the Member is invited to paragraphs 37 to 52 of the Report of the Central Board of Directors of the Reserve Bank for the year ended June 30, 1952 published in the Gazette of India under Government of India's Notification dated the 30th August 1952.

In addition, the Government of India has also initiated action on the recommendations pertaining to

(i) raising the existing limits in respect of drawings on treasuries and sub-treasuries, and

(ii) the re-organisation of post office savings banks.

Shri S. C. Samanta: In reply to a supplementary by Mr. A. C. Guha, it was stated by the hon. Minister that opportunities will be given to the House to discuss this Enquiry Committee's Report, when decision will be taken by the Government. May I know whether the time is ripe for it or not?

Shri Tyagi: We are just awaiting one important report of the Committee which was appointed to enquire into the rural credit facilities. An All-India Credit Survey is being held, and I think by the end of this month, they will be in a position to give us a complete report And if at all Parliament likes to discuss this question, hon. Members will be better informed when that report is also in their hands. So, after that report is made, Government will have no objection to discussing this question.

Shri S. C. Samanta: May I know whether the rules of banks relating to withdrawal, payment and deposits from various banks have been relaxed to give facilities to rural people?

Shri Tyagi: We are trying an experiment in Bombay according to which Savings Banks are now honouring cheques both for payment as also for receiving deposits.

Shri S. C. Samanta: Has the Communication Ministry been requested to open more post office savings banks?

Shri Tyagi: Yes, Sir. They are already opening more banks, but this experiment is under trial. And so long as the results of these experiments are not available, it will not be possible to give similar facilities in the newly opened banks in rural areas.

Shri S. C. Samanta: May I know how many state-sponsored agricultural banks have been established since the decision has been taken?

Shri Tyagi: As was recommended by the Committee, the Imperial Bank, in the first phase of its expansion programme, agreed to open 30 new branches. And I believe they should have opened about half that number within these past two years; that period commenced from 1951. As the House is aware, the Government has already introduced a Bill amending the Reserve Bank Act, according to which facilities for some agricultural and industrial operations will be permitted, such as the manufacture of semi-agricultural produce like butter, hulling of rice, manufacture of gur etc. Up till now, these operations were not helped by any bank. Now from the Apex Co-operative Banks of the States, they will be entitled to draw advances.

Again, there is another recommendation regarding the term of advances. Up till now, these loans were sanctioned only for three months for commercial operations, and 15 months on agricultural operations. Now that term also will be extended according to the Amending Bill which will come up before the House, to five years.

Shri Mohiuddin: One of the recommendations of the Committee was that in order to give increased facilities for banking, the Hyderabad State Bank may be appointed agents of the Reserve Bank of India, for Hyderabad State, and if so, may I know whether any action has been taken so far on that recommendation?

Shri Tyagi: I have no specific information on that point just now right in my hands. All State Governments were approached by the Centre for recognising the Reserve Bank of India as their bankers. Most of the States had agreed to that. And the Reserve Bank is now taking over the responsibility of banking in these States.

Shri K. K. Basu: Arising out of the hon. Minister's answer that it concerns the States, may I know whether this matter was discussed in the recent Finance Ministers' Conference, and if so, what was the conclusion?

Shri Tyagi: This matter could not be discussed at the recent Finance Ministers' Conference.

Shri B. S. Murthy: Would the hon. Minister tell us how many agricultural banks have been established in the State of Madras, after the decision has been taken by the Government?

Shri Tyagi: In fact, it is not the Central Government that is opening these Banks. As I have already said, we could only advise. The Reserve Bank has now taken up the programme, their officers are touring from State to State, advising the State Governments to open Apex Co-operative Banks through whom the Reserve Bank can operate.

Mr. Deputy-Speaker: He wants to know the number of banks opened in the State of Madras, since this recommendation was made. Has the hon. Minister got any information?

Shri Tyagi: I have not collected this information in connection with this question.

COLOMBO PLAN

*911. **Shri N. P. Sinha:** (a) Will the Minister of **Finance** be pleased to state what amount has been spent by India towards fulfilment of her obligation as a Member of the Colombo Plan up till now?

(b) Which countries have received that amount and in what form?

(c) What assistance and in what form has India received from other countries as a Member of the Colombo Plan up till now?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): (a) An amount of approximately Rs. 5 lakhs has been spent so far towards the fulfilment of India's obligation as a member of the Colombo Plan, which envisages the provision of technical assistance of the value of Rs. 1 crore over a period of seven years from July 1950.

(b) The countries to whom this technical Assistance has been provided are Burma, Ceylon, Indonesia, Malaya and Singapore, Nepal, Pakistan, Phillippines and Thailand. I would invite attention to the statement laid on the Table of the House in reply to Starred Question No. 638 on 25th November, 1952.

(c) India has received both technical and financial assistance. The information regarding technical assistance was contained in the statement referred to in reply to part (b) of the Question. As regards financial aid a statement giving the required information is laid on the Table of the House. [See Appendix V, annexure No. 33]

Shri M. L. Dwivedi: May I know Sir, the number of experts who have arrived from various countries to India, and the countries from which they have come in connection with this?

Shri B. R. Bhagat: About 20 experts are working in this country. Of them, 3 are from New Zealand, 1 from Australia and 16 from the United Kingdom.

Shri M. L. Dwivedi: May I know, Sir, what is the nature of the assistance which India has given to other countries in connection, and also the details of the assistance?

Shri B. R. Bhagat: I think he wants the break-up of the figure of 5 lakhs. I think the break-up is as follows: training facilities 1,15,000; cost of three experts to Ceylon 14,000; contribution to the expenses of the Bureau, I mean under the Colombo Plan, Rs. 40,000; cost of the construction of the hostel of the Central Rice Research Institute for accommodating international students 2,32,000 and provision for 5 fellowships and scholarships, 1,00,000.

Shri Dabhi: May I know, Sir, whether under the Colombo Plan the financial aid that is given is by way of loans or grants?

Mr. Deputy-Speaker: He wants to know whether the financial aid is in the form of loans or grants.

Shri B. R. Bhagat: The Financial assistance or the technical assistance? I think it is grants, not loans.

Shri N. P. Sinha: May I know, Sir, if with India's becoming a member of the Colombo Plan the effect is that our Five-Year Plan will be converted into a Six-Year Plan?

पंडित सी० एन० मालवीय : क्या यह बताया जा सकता है कि यह जो एक्सपर्टस् हैं वह किस किस बात के हैं ?

श्री बी० आर० भगत : जी हां, इन के विषय यह हैं :

Highway Engineering, Medical, Public Health, Coal Mines, Technical Research, Agricultural and Allied subjects, Telephones and others.

Shri Damodara Menon: May I know, Sir, whether the help to Burma under the Colombo Plan is over and above the loan already given by the Government of India?

Mr. Deputy-Speaker: This has nothing to do with the loan.

पंडित सी० एन० मालवीय : यह जो एक्सपर्टस् बाहर से बुलाये गये हैं, क्या इन को बुलाने के पहले इस बात की जांच कर ली गयी थी कि वैसे एक्सपर्टस् हिन्दुस्तान में नहीं थे ?

श्री बी० आर० भगत : जी, हां ।

Shri B. S. Murthy: May I know, Sir, what nature of technical help has been rendered to the Government of Burma and the expenditure on that and the officers sent?

Mr. Deputy-Speaker: Regarding the first two, they have been answered.

Shri B. S. Murthy: What is the nature of the technical assistance?

Mr. Deputy-Speaker: It is not necessary to go into those details. Whatever they want.

Shri K. K. Basu: May we know, Sir, if in the selection of these experts our Government had any say or not?

Shri B. R. Bhagat: Yes. All negotiations for technical assistance are bilateral. They are sent as a result of agreement between the countries concerned.

Shri B. S. Murthy: May I know, Sir, who were the experts sent to Burma?

Shri B. R. Bhagat: I am sorry I cannot give the names at this stage.

पंडित सी० एन० मालवीय : जिन एक्सपर्टस् को बुलाया गया है, क्या आयन्दा ऐसे एक्सपर्टस् को हिन्दुस्तान में तैयार करने के लिये ऐसी स्कीम बना ली गयी है कि वह एक्सपर्टस बाहर से न बुलाने पड़ें और हिन्दुस्तान से बाहर भेजकर या यहां काम सिखा कर उन्हीं को तैयार कर लिया जाय ?

श्री बी० आर० भगत : जी हां, इसका भी इन्तज़ाम है ।

EXPORT OF SCRAP MICA

*912. **Shri N. P. Sinha**: Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether there is any proposal to put a ban on the export of scrap mica?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): Yes, Sir. A proposal to ban the export of scrap mica for a period of two or three years as an experimental measure is under consideration.

Shri N. P. Sinha: May I know, Sir, the reason for the banning of these exports?

Shri K. D. Malaviya: It is said that out of the scrap mica that is exported from here an attempt is being made to produce a type of synthetic mica called 'Semica'. So we thought that by banning our exports of scrap mica we might be able to restrict the production of 'Semica' outside.

Shri Nanadas: Is it a fact, Sir, that even if we ban the exports of scrap mica from our country, the requirements of mica can be met by South America, Australia, Canada, South Africa, Italy, Norway and Sweden?

Shri K. D. Malaviya: We are the biggest exporters of scrap mica; 80 per cent. is exported by us. But it is also a fact that certain countries are producing mica and exporting it to America and other countries.

Shri Nanadas: Do the Government propose to call for the viewpoints of all the parties concerned in mica scrap trade before taking any decision to ban the exports?

Shri K. D. Malaviya: The matter is being considered by the Commerce and Industry Ministry and they will take into consideration all the aspects.

Shri Natesan: Is there any proposal to manufacture micanite in Madras?

Shri K. D. Malaviya: So far, as Government is concerned, No, Sir.

Shri N. P. Sinha: May I seek this information—whether India is importing scrap mica from Brazil?

Shri K. D. Malaviya: No.

Shri Natesan: Is the Government aware of the fact that there is a factory producing micanite in Gudur?

Mr. Deputy-Speaker: He does not know.

Shri Raghavaiah: To what countries was scrap mica exported in the past?

Mr. Deputy-Speaker: What were the countries to which scrap mica was exported before banning?

Shri K. D. Malaviya: I said the ban is under consideration. We have not yet imposed the ban. The biggest importing country is the U.S.A.

Shri Raghavaiah: May I know, Sir, whether the Government is aware of the fact that this ban on the export of mica is resulting in unemployment of a large number of workers?

Shri K. D. Malaviya: So far as I said, Sir, the Government have not banned the exports. The proposal to ban exports is under consideration. There are other reasons for the exports having gone down.

Shri N. Sreekantan Nair: May I know, Sir, what is the total quantity of scrap mica exported last year and whether this trade is being conducted by monopolists or small-scale agents?

Shri K. D. Malaviya: If the hon. Member puts a separate question on this, I will give an answer.

Shri Balwant Sinha Mehta: Is it a fact, Sir, that synthetic mica has got certain advantages over mica splitings in its use?

Shri K. D. Malaviya: We are not producers of synthetic mica, and therefore, we cannot say anything about it.

Shri B. S. Murthy: Is it under the contemplation of Government, Sir, to produce synthetic mica from scrap mica in India?

Shri K. D. Malaviya: No, Sir. We do not need to produce synthetic mica because we have the genuine stuff.

COLOMBO PLAN AID

*913. **Shri Raghavaiah:** Will the Minister of **Finance** be pleased to state:

(a) what are the allocations of wheat made for the current fiscal year, by the Government of Canada, under the Colombo Plan aid;

(b) how much it is less or more than the allocation made last year by the same Government;

(c) whether it is a fact that the Government of India had requested for a greater allocation of wheat for this year; and

(d) how much more aid under the Colombo Plan will be rendered by the Government of Canada for this year and in what forms?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): (a) $5 million for the purchase of wheat.

(b) Last year's allocation was $10 million.

(c) Yes, Sir.

(d) $8·8 million for supply of equipment for an approved development project or projects.

Shri Raghavaiah: May I know the shipping facilities given to the transport of this wheat from Canada to this country?

Mr. Deputy-Speaker: The hon. Member feels that Canada itself must afford shipping facilities for the transport of this wheat. Were any shipping facilities given to us by Canada?

Shri B. R. Bhagat: No shipping facilities were offered.

Shri Damodara Menon: Arising out of answer to (c), may I know, Sir, how far the request for greater allocation of wheat is compatible with the declared policy of the Government to reduce the import of wheat?

Mr. Deputy-Speaker: That is a question for opinion.

Shri Dabhi: May I know whether the wheat given by Canada to India is by way of loan or by way of grant?

The Minister of Revenue and Expenditure (Shri Tyagi): Sir, it is according to the Colombo Plan that we received this. Some of the members of Parliament in Canada felt that rather than exporting wheat to that amount they may give some other articles which we need here. But we insisted that we get wheat, sell it here and then utilise the amount in development plans, so that we might use the money wherever it was needed. Canada has agreed this time to provide us with wheat worth five million dollars and for the next year, our representative who is at present in U.S.A. will negotiate with them and we shall soon be in a position to know as to what this aid will come to in future.

Shri T. K. Chaudhuri: May I know, Sir, if a considerable portion of the wheat supplied by Canada last year was found unfit for human consumption?

Shri B. R. Bhagat: I have no information, Sir.

Shri Raghavaiah: May I know, Sir, whether the allocation of wheat made by this Government this year is more or less than it was last year?

Shri B. R. Bhagat: It is less, Sir. It is given in the answer.

Shri K. K. Basu: May I know the relative prices of wheat in the internal market in Canada and that paid for by us and also how it compares with the International price?

Shri B. R. Bhagat: It is a question of details for other countries but I may inform the member that the wheat is purchased under the International Wheat Agreement.

Shri Velayudhan: May I know, Sir, whether the wheat we are getting from Canada is purchased in the open market or whether the Government of Canada purchases and sends it to India?

Shri B. R. Bhagat: It is a government to government transaction and is under the International Wheat Agreement.

N. C. C. TRAINING

*914. **Shri Balmiki:** Will the Minister of **Defence** be pleased to state:

(a) how many teachers from various States have been invited for N.C.C. training in 1952;

(b) the centres for this training; and

(c) the nature of the training?

The Deputy Minister of Defence (Shri Satish Chandra): (a) 117 Professors and 217 School teachers have undergone pre-commission training in 1952.

(b) The training was given at 17 Centres, a list of which is placed on the Table of the House. [*See* Appendix V, annexure No. 34]

(c) The Officer cadets are trained in the handling of weapons and the basic principles of military and technical subjects so that they may be capable of supervising the training of cadets upto the standard required to pass the Senior Certificate Examination of their respective arms of service.

Shri Frank Anthony: Is it a fact, Sir, that during training Professors from Colleges who belong to the senior section are treated as officers while teachers from schools belonging to the junior section are treated either as J.C.Os. or other ranks?

Shri Satish Chandra: Sir, I could not give these details off-hand; but I believe the rules regarding these have been published.

श्री एम० एल० द्विवेदी : क्या माननीय मंत्री कृपा करके बतलायेंगे कि काश्मीर में नेशनल कैडेट कोर की योजना के अन्तर्गत कितने शिक्षार्थियों को अब तक शिक्षा दी गई है ?

श्री सतीश चन्द्र : अलग अलग स्टेटस के बारे में तो इस समय मेरे पास फिगर्स नहीं हैं ।

श्री एम० एल० द्विवेदी : क्या काश्मीर में कोईऐसी योजना चल रही है या ऐसे कैम्पस् हैं ?

श्री सतीश चन्द्र : स्टेटमेंट में दिया हुआ है कि किन किन स्थानों में यह ट्रेनिंग देने का प्रबन्ध किया गया है । माननीय मेम्बर यदि स्टेटमेंट देखेंगे तो उन्हें यह मालूम हों जायेगा ।

Shri Frank Anthony: Is it a fact, Sir, that because of this differential treatment during the training period, the response from teachers of the junior section has not been adequate?

Shri Satish Chandra: Sir, the response to the National Cadet Corps Scheme has been very encouraging indeed. As far as I know, the limiting factor is the finance, and not the lack of teachers offer themselves for training.

Shri Frank Anthony: May I know whether any target was set for 1952 for the number of teachers to be recruited and whether that target has been reached?

Shri Satish Chandra: I require notice.

Shri Balwant Sinha Mehta: May I know, Sir, whether this training includes naval training also and, if so, how many centres are there in the country and where are they located?

Shri Satish Chandra: Yes, there is provision for naval training as well as air training. There is a Naval Wing and an Air Wing in the National Cadet Corps.

Shri Balwant Sinha Mehta: How many centres are there?

Shri Satish Chandra: The question is confined to the training of teachers. The centre for naval training of the teachers and Professors is at Cochin.

Mr. Deputy-Speaker: I would urge hon. Members not to speak to the Minister alone; they have to speak to the whole House. Therefore they must raise their voices and must be heard. The answers must also be heard not merely by the member who puts the question but by other members of the House also.

Shri L. N. Mishra: Is it a fact that the Government make a specific grant for the boarding and lodging of students who attend the N.C.C. training camp centres in different States?

Mr. Deputy-Speaker: Hon. Members will address the Chair so that all may hear, and not address the Minister.

Shri L. N. Mishra: Is it a fact that specific grant was made for the lodging and boarding of these students at these centres?

Shri Satish Chandra: Is the hon. Member referring to teachers? The question relates to Professors and teachers and not to the N.C.C. as a whole.

FOREIGN SCIENTIFIC EXPERTS

*915. **Shri Balmiki**: Will the Minister of Natural Resources and Scientific Research be pleased to state the number of Scientific Experts invited from foreign countries in 1950-52 to help in the research of minerals in India?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): A statement giving the information regarding foreign experts invited to work with the Geological Survey of India is laid on the Table of the House. [*See* Appendix V, annexure No. 35]

Information regarding foreign experts invited by State Governments for mineral research has been called for and will be placed on the Table of the House when received.

श्री बाल्मीकी : क्या इस प्रकार के विशेषज्ञ हमारे देश में नहीं हैं ?

श्री के० डी० मालवीय: नहीं, हमारे यहां विशेषज्ञ तो हैं, लेकिन बाहर के विशेषज्ञों के आने से और भी सहायता मिलती है।

श्री बाल्मीकी : क्या सरकार का ध्यान बाहर के विशेषज्ञों की ओर ज्यादा जाता है बनिस्बत यहां के विशेषज्ञों के ?

منسٹر آف ایجوکیشن اینڈ نیچرل ریسورسز اینڈ سائنٹیفک ریسرچ (مولانا آزاد): نہیں یہ تین آدمی جو آئے - وہ اپنے سبجیکٹ میں اس درجہ کے ہیں کہ ہندوستان میں ایسے آدمی ہمیں ابھی نہیں مل سکے -

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad)**: No. The three persons who have arrived here, are expert in their subject and experts of that calibre are not yet available in India.]

Shri V. P. Nayar: In view of the fact that minerals include strategic material, may I know what enquiries have been made by the Government of India regarding the antecedents of these scientists who come to India and about their possible connections with armies of foreign powers?

Shri K. D. Malaviya: We take all necessary precautions. But I may inform the House that so far as the three experts are concerned, they have been concerned so far with surveys which are not particularly of any secret type.

Shri V. P. Nayar: May I also know, Sir, what definite steps have the Government taken to ensure that such information as has been obtained by research on minerals in this country is not used by foreign armies?

Shri K. D. Malaviya: Sir, we are taking sufficient care to see that the information cannot be used against us.

Dr. S. P. Mookerjee: The hon. Education Minister said that there is no Indian scholar, available in these subjects for that grade. May I know, Sir, what definite steps have Government taken to train up qualified Indians in these special subjects with the help of these foreign experts?

مولانا آزاد : ہماری تمام اسکیمیں اسی مقصد کے لئے ہیں کہ آئندہ ہمیں نہ تو تعلیم کے لئے باہر ہندوستانیوں کو بھیجنا پڑے اور نہ باہر کے آدمیوں کو یہاں بلانا پڑے ۔

[**Maulana Azad**: The aim of all our schemes is that in future the need of sending Indians abroad for education and of importing men from outside should be obviated.]

Dr. S. P. Mookerjee: Where exactly is such training being given?

Shri K. D. Malaviya: When we associate these experts who come from outside with our own people, the latter gain experience and knowledge from them. So far as these surveys are concerned, we have placed in association with them our own experts and we hope that by this association, our people will gain more knowledge.

Dr. S. P. Mookerjee: How many people are being trained under these experts?

Shri K. D. Malaviya: Parties have been organised. I have not got the exact number.

Sardar Hukam Singh: Is this research by these experts being carried on under the Indian Bureau of Mines, or are there any other different institution which carries on this research?

Shri K. D. Malaviya: The question refers to surveys, and not to research.

The surveys are being conducted under the auspices of the Geological Survey of India.

Shri Kelappan: Has any country, from which these experts are drawn, been given the right to exploit these minerals?

Shri K. D. Malaviya: No, Sir. These surveys have no connection with the right to exploit the minerals.

डा० जाटववीर : क्या मैं पूछ सकता हूं कि सरकार ने हिन्दुस्तान में कितनी टीमें तैयार की हैं ?

श्री के० डी० मालवीय : बहुत सी हैं, मेरे पास इस वक्त संख्या तो नहीं है, मगर यह ज्योलाजिकल सर्वे डिपार्टमेन्ट के फ़ील्ड वर्क्स भेजते हैं । हमारे पास भी बहुत से विशेषज्ञ हैं ।

डा० जाटववीर : क्या मैं जान सकता हूं कि हिन्दुस्तान की टीमों का क्या खर्च होता है और जो विदेशी टीमें हैं उन का क्या खर्च होता है ।

श्री के० डी० मालवीय: जो विशेषज्ञ बाहर से आये हैं उन का कुछ खर्च हम बरदाश्त कर रहे हैं, सब के ऊपर कितना खर्च हो रहा है इस की सूचना मैं इस वक्त नहीं दे सकता हूं ।

Shri Boovaraghasamy: May I know the amount of expenditure incurred on these foreigners during the year 1950, 1951 and 1952?

Shri K. D. Malaviya: I have given you the gross total expenditure on these experts. I have not got separate figures just now.

श्री आर० एन० सिंह : क्या मैं जान सकता हूं कि यह विशेषज्ञ किस किस देश से आये हैं ?

Shri K. D. Malaviya: The details are as follows:—

1. Mr. John Van Derr, Geologist, U.S. Geological Survey.
2. Mr. G. C. Taylor, Junior Ground Water Geologist, also of the U.S.A.
3. Mr. John Straczek, Economic Geologist, also of the U.S.A. Geological Survey.

पंडित सी० एन० मालवीय : क्या यह बतलाया जा सकता है कि इस किस्म के कितने और एक्सपर्ट बुलाये जाने वाले हैं और कितनी तनख्वाहें दी जाने वाली हैं ?

श्री के० डी० मालवीय : जैसी जरूरत पड़ेगी उस तरह बुलाया जायगा ।

पंडित सी० एन० मालवीय : इस जरूरत का कुछ अन्दाजा है ?

श्री के० डी० मालवीय : इस वक्त तो नहीं है ।

ALIGARH UNIVERSITY

*916. **Dr. Rama Rao:** (a) Will the Minister of **Education** be pleased to state whether the Court of the Aligarh University has appealed to the Government of India for financial assistance?

(b) If so, what is the deficit the University is facing and why?

(c) Have Government considered the appeal for increased aid?

(d) What action do Government propose to take in the matter?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) No formal application for a definite amount has been received from the Aligarh Muslim University so far.

(b) The deficit for 1952-53 is estimated at Rs. 4,08,934 because it is said that the Government grant is not adequate. It is understood that the University authorities are now making a detailed examination of the financial position.

(c) and (d). When a formal request is received from the University, it will be considered by Government in accordance with the usual principles and rules and procedure.

Dr. Rama Rao: May I know if it is a fact that recently the Vice-Chancellor has been given an increase of Rs. 800 in his salary?

Shri K. D. Malaviya: We have no information.

Dr. Rama Rao: May I know whether a new post of Pro-Chancellor has been created on a salary of Rs. 1,500 per month?

Shri K. D. Malaviya: We have no information.

Dr. Rama Rao: May I know whether it is a fact that the Treasurer has been given a special pay of Rs. 500 per mensem with retrospective effect for three years?

Shri K. D. Malaviya: This is not the type of information to be asked for from us. It is for the University. We do not know about it.

Dr. Rama Rao: I am putting these questions, because the University is in deficit and is asking the Central Government for monetary help.

Shri K. D. Malaviya: They are entitled to ask for such help whenever they are in deficit, but we cannot get all this information normally as under the rules they are not bound to supply it.

Mr. Deputy-Speaker: Whenever the Central Government sanctions a grant that is asked for, do they not see that the University is proceeding on right lines or it is squandering away its money? I think this is one of the matters which the Central Government should take into consideration.

Shri K. D. Malaviya: The point is, Sir, that the accounts are being audited and after the accounts have been audited, if the Aligarh University asks for help from us, its request will be considered on the lines suggested by you.

Dr. Rama Rao: Is this university not a Centrally-administered University, and when that is so, how is the Government ignorant about these points?

Mr. Deputy-Speaker: That is an argument. The hon. Minister has explained that the request has not yet come before them.

Shri Kelappan: In view of the fact that this is one of the Central Universities, will the hon. Minister try and obtain the information asked for?

Shri K. D. Malaviya: If the hon. Member is interested, I will certainly obtain the information for him.

Shri Namdhari: May I know if the Aligarh University is enjoying equal facilities of government aid as other Indian Universities; if not, what is the reason?

Shri K. D. Malaviya: All the Universities are entitled to make requests for help, and we treat all of them on equal basis.

Shri B. S. Murthy: May I know whether any officer has been appointed to go into the finances of this University and report to Government?

Shri K. D. Malaviya: The accounts are being audited.

Mr. Deputy-Speaker: Next question.

ACCOUNTS OF UNION

*917. **Shri Ramachandra Reddy:** Will the Minister of **Finance** be pleased to state:

(a) whether the accounts of the Union are kept in such form as the Comptroller and Auditor-General of India prescribed under Article 150 of the Constitution of India;

(b) if so, when was he consulted, and when such form was prescribed: and

(c) whether such form is being followed by the Union Government and if so from when?

The Minister of Revenue and Expenditure (Shri Tyagi): (a) Yes.

(b) and (c). There has been no material change in the form of the accounts of the Union and the States since the commencement of the present Constitution and the changes, if any, can only be made in accordance with the provisions of Article 150.

Shri Ramachandra Reddi: May I know whether the obligation imposed under the Constitution in regard to consultation with the Comptroller and Auditor-General has been discharged?

Shri Tyagi: According to the Constitution, it is only on the advice of the Comptroller and Auditor-General that any change can be effected.

Shri M. L. Dwivedi: May I know if any day is fixed for the discussion of the Public Accounts Committee report by this House? As you know, Sir, this Committee sees the entire accounts of the Government of India.

Shri Tyagi: I am afraid the Public Accounts Committee does not look into the system of keeping accounts. It only looks into the material accounts of the Government of India monies.

Shri T. N. Singh: May I know whether it is not the fact that the Public Accounts Committee does examine the system of accounts?

Shri Tyagi: No. The system of keeping accounts is one which is controlled by the Constitution itself. Neither the Public Accounts Committee nor this Parliament can effect any changes unless the Constitution is changed.

Shri S. N. Das: May I know whether there is any proposal to introduce a measure in the Parliament defining the powers and duties of the Auditor-General?

Shri Tyagi: The powers and duties of the Auditor-General are statutory powers.

Mr. Deputy-Speaker: But how does this question arise here? Only the form of accounts is mentioned here. The question put by the hon. Member refers to a wider matter.

Shri M. L. Dwivedi: My question has not been answered, Sir. I want to know whether any day is allotted for the discussion of the report of the Public Accounts Committee, which sees the accounts of the Government of India from time to time.

Mr. Deputy-Speaker: This also does not arise out of this question.

Shri T. N. Singh: May I know whether it is a fact that Government have appointed committees of their own officials in one or two Departments to look into the system of accounting and nobody from the audit side is being represented on such committees?

Shri Tyagi: I must confess that I have not been able to scrutinise fully the system of accounting of the Government of India monies and also the organisation thereof, but from the reports that we receive, I am of the view that the whole system of accounts and the rules and regulations which guide the keeping of accounts require a thorough enquiry. But, as I have said, the Government of India can only proceed on the advice of the Comptroller and Auditor-General who is responsible both for audit as well as for accounts.

Shri T. N. Singh: Is it true that at Hirakud the Account Code was to be examined and a new system to be evolved by a committee appointed by Government called the McKelvie Committee?

Shri Tyagi: That pertains to a matter of departmental account keeping and does not pertain to the offices of Accountants-General who are working under the direct control of the Auditor-General.

Shri T. N. Singh: May I know whether the original code, which is sought to be amended now, was evolved by, or in consultation with the Auditor-General?

Shri Tyagi: To give a complete answer I would ask the hon. Member to kindly put an independent question for that.

ADULT EDUCATION

*918. **Shri Sivamurthi Swami:** Will the Minister of Education be pleased to state whether Government have invited any American educationist for adult education in rural areas?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): Under the U.S.A. Technical Co-operation Administration Dr. Frank C. Laubach, the well-known American expert on adult literacy training, is now in India and is preparing literacy lessons specially adapted to the needs of the Community Development Projects. Dr. Laubach is also assisting the State Governments in the production of Social Education literature in their regional languages and in training their officers in his system of teaching adults.

Shrimati Renu Chakravartty: Does he know the regional languages, Sir?

Shri K. D. Malaviya: I think he does.

Shri Sivamurthi Swami: May I know whether the Government of India is contemplating seeking the advice of the expert on the introduction of compulsory education to factory and other labourers?

Mr. Deputy-Speaker: Because the factory labourers are all adults.

Shri K. K. Basu: Before bringing this United States expert, did Government make any attempts to bring experts from Soviet Russia where adult illiteracy has been so successfully combated in recent years.

Shri K. D. Malaviya: Dr. Laubach's system of adult literacy is so very well-known that we thought we might not go anywhere else.

Shrimati Renu Chakravartty: Has any effort been made by the Ministry of Education to have a Conference or Committee of adult education experts to go into the whole matter before we invite people who do not even know our conditions or regional languages?

Shri K. D. Malaviya: The whole question was gone into. This is a specialised subject and in our country there are not very many experts. Under the Laubach system teaching is imparted quickly and in an interesting way. So we thought we might take advantage of Dr. Laubach's experience.

Prof. D. C. Sharma: is it a fact that the theories of science accepted in Soviet Russia are so different from those prevailing in other parts of the world?

Mr. Deputy-Speaker: Hon. Members are giving information from this side and that side.

Shri B. S. Murthy: May I know whether the All-India Adult Education Association has been consulted before extending invitation to these experts?

Shri K. D. Malaviya: All those whom the Government could consult were consulted.

Shrimati Renu Chakravartty: Has the Ministry of Education laid down any process or method, whereby Dr. Laubach may also get all the information and all the ideas which our own experts have?

Shri K. D. Malaviya: I presume there are arrangements under which the experts of our country and Dr. Laubach will exchange their experiences and ideas.

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Shri Sarangadhar Das: Apparently there are various systems of adult education followed in different countries. Have Government studied all those systems and found the American system, or the one advocated by Dr. Laubach, to be the best?

Shri K. D. Malaviya: I am not aware of all the different systems of adult education prevalent in the world. But we have thought it proper to call Dr. Laubach here and to take advantage of his system.

Shri Sarangadhar Das: Have they compared this system with other systems?

Mr. Deputy-Speaker: The Government which is in power want to do certain things regarding adult education, elementary education and so on to the best of their knowledge. After studying the pros and cons and the material available in this country they send for experts from abroad. There is a limit to these questions. If they are not satisfied with the relative merits of these experts, they may come here one day and get along with the administration as they like.

Several Hon. Members *rose*—

Mr. Deputy-Speaker: No. I am not going to allow any more questions. It is not a non-confidence motion. Almost every question is a question of no-confidence motion in this House.

VETERINARY PARTIES IN RURAL AREAS OF TRIPURA

*919. **Shri Dasaratha Deb**: Will the Minister of States be pleased to state:

(a) how many veterinary Centres there are in the rural areas of Tripura: and

(b) whether there was heavy loss of cattle this year in the hill areas due to epidemics?

The Minister of Home Affairs and States (Dr. Katju): (a) The veterinary dispensaries at the three divisional headquarters at Agartala, Udaipur and Kailasahar look after the needs of the rural areas. Whenever required, mobile parties are sent out from these headquarters.

(b) No.

Shri Dasratha Deb: Do Government consider the present number of veterinary centres adequate and if not whether there is any scheme to open more centres?

The Deputy Minister of Home Affairs (Shri Datar): Government are going to open in all ten centres during the next five years of which three have already been opened.

Shri Dasaratha Deb: May I know what amount of money the Government has spent on these veterinary centres?

Shri Datar: I should like to have notice.

Shri Damodara Menon: Are Government considering the advisability of getting a foreign expert to advise them on veterinary questions?

Mr. Deputy-Speaker: The question hour is over.

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* * * Expunged as ordered by the Chair—*Ed. of P. P.*

WRITTEN ANSWERS TO QUESTIONS

ARREST OF ELECTORAL COLLEGE MEMBERS (TRIPURA)

*920. **Shri Dasaratha Deb:** (a) Will the Minister of **States** be pleased to state whether it is a fact that three Electoral College members of Tripura namely Sree Hemanta Deb Barma, Atikul Islam and Sirajul Islam were arrested in August 1952, and were kept as undertrial prisoners in division II in the Agartala District Jail for about a week and if so, what were the reasons for the same?

(b) Is the II Division in the Agartala District Jail in reality the III Division of other jails?

(c) Is it a fact that the above electoral College members were given food in the open and were not allowed mosquito curtains?

(d) Is it a fact that the Superintendent of the above jail refused to grant them an interview when they wanted to see him?

The Minister of Home Affairs and States (Dr. Katju): (a) Shri Hemanta Deb Barma, Atikul Islam and Sirajul Islam were kept in Agartala Central Jail as undertrial prisoners in division II. They were so classified by the Court before whom they were being tried on a charge under section 302 of the Indian Penal Code read with Section 109 of the Indian Penal Code.

(b) No.

(c) They were treated like Division II Prisoners in regard to these matters. No discrimination was made.

(d) No.

MINERAL RESOURCES IN TRIPURA

*921. **Shri Dasaratha Deb:** (a) Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether any party of foreigners have visited Tripura recently in search of oil and other mineral resources?

(b) Is it a fact that the Government of India have signed an agreement with certain American oil concerns for working an oil mine in Tripura, and if so, what are the terms of that agreement?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Yes, Sir.

(b) Exploring licences, Prospecting licences and Mining leases for petroleum are granted by State Governments in accordance with the provisions of the Petroleum Concession Rules, 1949, after obtaining the approval of the Central Government. A statement giving information regarding exploring licences, prospecting licences and mining leases for petroleum granted in Tripura is laid on the Table of the House. [*See* Appendix V, annexure No. 36.]

DISTRICT COUNCIL IN MANIPUR

*922. **Shri Rishang Keishing:** (a) Will the Minister of **States** be pleased to state whether it is a fact that some tribal organisations have demanded from the Prime Minister during his visit to Manipur for setting up of autonomous District Council in the hills of Manipur?

(b) If the reply to part (a) above be in the affirmative, have Government given any assurance to them in order to meet their demand for District Council?

The Minister of Home Affairs and States (Dr. Katju): (a) During the Prime Minister's visit a representation was submitted on behalf of the Mao-Maram Naga Tribe which *inter alia* demanded the setting up of District Councils for the hill areas of Manipur.

(b) No.

EXEMPTION UNDER SEC. 15-B OF THE INDIAN INCOME-TAX ACT

*923. **Shri M. L. Agrawal:** Will the Minister of **Finance** be pleased to state:

(a) the rules, if any, which guide Government in according approval to charitable institutions for exemption under Section 15B of the Indian Income-tax Act;

(b) whether Government propose to place on the Table of the House a copy of the Rules; and

(c) if there are no rules, considerations which regulate the grant or rejection of applications for approval for exemption under Section 15B of the Indian Income-tax Act?

The Minister of Revenue and Expenditure (Shri Tyagi): (a) There are no rules as such for guidance of Government in according approval to charitable institutions for exemption under section 15B of the Income-tax Act.

(b) In view of the reply to (a), there are no rules to be laid on the Table of the House.

(c) The broad principles governing approval of charitable institutions are--

- (i) ordinarily, the institution must be one recommended by the State Government;
- (ii) the institution should be at least of Provincial importance and not merely of local importance;
- (iii) the objects of the institution should be wholly charitable;
- (iv) the institution should be wholly and expressly non-communal;
- (v) except for educational institutions such as Universities and Colleges, the institution should not be one which has been approved for purposes of section 10(2)(xiii) of the Indian Income-tax Act.

INSTITUTE OF TECHNOLOGY, KHARAGPUR

*924. **Shri C. R. Chowdary:** Will the Minister of **Education** be pleased to state the help procured from the U.K. for the Government of India's Institute of Technology at Kharagpur?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): The United Kingdom have provided the services of Professor G. A. Robinson to advise the Institute on the organisation of courses in Industrial Administration and Business Management. They have also agreed to supply machine tool equipment worth approx. £35,000. The assistance is being received under the Colombo Plan.

SUPER TAX ETC.

*925. **Shri K. K. Basu:** Will the Minister of **Finance** be pleased to state:

(a) whether there has been decrease in collection of Super tax, Income-tax and Corporation tax during the last and the current financial years;

(b) the total amount under each head;

(c) which slab or group of Income tax payers are yielding less income: and

(d) the amount of such decrease?

The Minister of Revenue and Expenditure (Shri Tyagi): (a) No Sir; There has so far been no decrease in the collection of Super-tax, Income-tax and Corporation tax in the current year. As, however, the greater part of the total collections of the year are made only in the latter half of the year, figures of the earlier half are not a true guide to the possible collections of the whole year.

(b) Total amounts collected under the heads mentioned in part (a) during the period April to September are:—

	Rs. (Lakhs)	
	1951	1952
Corporation tax ...	7.73	11.20
Income-tax and Super-tax.	26.50	31.24

Separate figures for income-tax and super-tax are not available.

(c) and (d). Figures of yield from various slabs of income are compiled only annually and it is not possible now to say whether particular groups, if any, are yielding less income this year than last year.

SLATE-STONES

*926. **Shri Amjad Ali:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether there exists a large quantity of slate-stones in the road-region of Aijal to Silchar in Assam?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): The Geological Survey of India have no record of any occurrence of slate along the road.

BERYLLIUM

*927. **Shri Telkikar:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) the parts of India in which Beryllium is found; and

(b) the purposes for which it has been used in Indian factories?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) The mineral beryl (ore of beryllium) occurs in Rajputana and some parts of Bihar and Madras States.

(b) Beryllium has not so far been used in Indian factories.

MINTS

*928. **Shri Telkikar:** Will the Minister of **Finance** be pleased to state:

(a) whether the mints in India had undertaken the work of coinage for the Ceylon Government;

(b) if so, the metals used for Ceylonese coins; and

(c) the names and values of different Ceylonese coins minted by Indian mints?

The Minister of Revenue and Expenditure (Shri Tyagi): (a) Yes, Sir.

(b) Nickel-brass alloy containing 79 per cent. of copper, 20 per cent. of zinc and 1 per cent. nickel.

(c) During 1951 and 1952 the coinage done are 50-cents, 25-cents, 10-cents and 2 cents of the value of 4·5, 4.25, 2.2 and 0·3 millions of Ceylonese Rupees respectively.

COMBINED INDIAN ADMINISTRATIVE SERVICES EXAMINATION

***929. Dr. Jatav-vir:** Will the Minister of **Home Affairs** be pleased to state:

(a) the number of candidates appeared at the Combined Indian Administrative etc., Services Examination during 1951;

(b) the number of Scheduled Caste candidates who appeared at such examinations during the last four years:

(c) the number of candidates selected for Indian Administrative services during these four years: and

(d) the number of Scheduled Caste candidates selected for such services during these years?

The Deputy Minister of Home Affairs (Shri Datar): A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 37.]

SPECIAL PAY

***930. Shri Sinhasan Singh:** Will the Minister of **Home Affairs** be pleased to state:

(a) the amount of special pay, if any, Government are annually paying to certain officers, and also the rates of such special pays and the posts to which these special pays are attached;

(b) the reasons for granting these special pays; and

(c) whether Government are considering the question of withdrawing these special pays?

The Deputy Minister of Home Affairs (Shri Datar): (a) The information is being collected and will be laid on the Table of the House in due course.

(b) Posts in the different Ministries and Departments intended to be manned by members of organised services are, generally, grouped into a number of grades in accordance with the nature and importance of the duties and the responsibility involved. Broadly speaking, different posts in each grade carry the same pay or scale of pay and officers holding such posts are freely interchangeable. There are, however, some posts which call for the assumption of a distinctly higher responsibility and which can only be filled by selected officers who have proved their ability and fitness. It is customary to remunerate such officers at a somewhat higher rate and the usual method of doing so is to attach to such posts a small special pay which the officers can draw while holding those posts in addition to their normal grade pay. The prospect of being selected for the holding of such posts which carry slightly better remuneration serves as an incentive to the maintenance of efficiency. The system also facilitates selections from a wider field of officers so that only those who are particularly able and deserving are placed in positions of higher responsibility.

It also occasionally happens that some of the posts in a grade are located in extremely unhealthy or inaccessible localities. In such cases, also, it is customary to increase remuneration of the post to a small extent by the addition of a special pay. There is no discrimination involved in such cases as the officers concerned, generally, are unable to take their families with them and have to maintain two establishments.

(c) There is no question of any wholesale abolition or withdrawal of special pays. Individual cases will, however, continue to be reviewed with a view to decide whether the existing special pays continue to be justified.

INDIAN OFFICERS WITH HOMES IN PAKISTAN

***931. Shri U. M. Trivedi:** (a) Will the Minister of **Home Affairs** be pleased to state how many gazetted officers are there still in employment in India who have their homes in Pakistan?

(b) What is the amount of remittances to Pakistan by such officers?

The Deputy Minister of Home Affairs (Shri Datar): (a) and (b). On the assumption that the phrase "officers who have their homes in Pakistan" is intended to cover only cases of officers whose permanent place of residence is in Pakistan, information is being collected and will be placed on the Table of the House in due course.

SENIOR LECTURER IN WEAVING

***932. Shri P. Subba Rao**: Will the Minister of **Education** be pleased to state:

(a) since how long the post of Senior Lecturer in weaving in the Polytechnic Institute, Delhi, has been lying vacant;

(b) what steps Government propose to take to fill up the vacancy and when it is likely to be filled up; and

(c) whether students in Textile Technology of III year have to continue their course of studies after April, 1952 consequent on the above said post being kept vacant for a long time?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) The post has been lying vacant since 10th July, 1952.

(b) The recruitment to the post has been entrusted to the Union Public Service Commission, who have advertised it, calling for applications by the 22nd November, 1952. Subject to the availability of a suitable candidate, the appointment is expected to be made by December.

(c) Yes. It is likely that the students of the III year National Diploma Course in Textile Technology have to continue the course of studies till the middle of May, 1953.

HOUSES OF STATES OF RAJASTHAN IN NEW DELHI

***933. Shri Bheekha Bhai**: Will the Minister of **States** be pleased to state:

(a) whether there are any houses of covenanting States of Rajasthan in New Delhi;

(b) if so, the number and names of such houses;

(c) whether they are occupied by the State Government of Rajasthan or by the Central Government; and

(d) if by the latter, the terms and agreements between the Rajasthan Government and the Central Government, if any?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) Six, Jaipur House, Bikaner House, Kotah House, Jaisalmer House, Dholpur House and Bharatpur House.

(c) These houses are mostly occupied by the Central Government.

(d) The terms and conditions of the lease have not yet been finalised.

RETRANSFER OF VILLAGES TO BOMBAY

***934. Shri Madhao Reddi**: Will the Minister of **States** be pleased to state:

(a) whether any representation was received by Government for the retransfer to Bombay State of 104 villages merged in Hyderabad State two years ago as part of an agreement on readjustment of enclaves between the two States; and

(b) if so, what Government propose to do in the matter?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) I would like to draw the attention of the hon. Member to the clarification made in reply to question No. 822, by Shri Pataskar on the 13th June, 1952. The question of retransfer of these villages does not, therefore, arise.

RESEARCH SCHEMES

***935. Shri K. C. Sodhia**: (a) Will the **Minister of Natural Resources and Scientific Research** be pleased to state what research schemes in the universities are being financed by the Council of Scientific and Industrial Research?

(b) What amount is being paid for this purpose to each university during the current year?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) and (b). A statement giving the required information is laid on the Table of the House. [*See* Appendix V, annexure No. 38.]

AGRICULTURAL LAND UNDER MILITARY USE (KASHMIR)

***936. Sofi Mohd. Akbar**: Will the Minister of **Defence** be pleased to state:

(a) the total number of cases to whom compensation is due in Jammu and Kashmir State with regard to the agricultural lands under Military use; and

(b) how many of these cases have been paid compensation till now and how many are yet to be paid?

The Deputy Minister of Defence (Shri Satish Chandra): (a) 709.

(b) In 96 cases compensation has been paid by the State Government. The remaining 613 cases are still pending, but the State Government is being reminded from time to time to expedite the disposal of these cases.

भारतीय आदिवासी

*३३७. श्री डामर : (क) गृह कार्य मंत्री यह बतलाने की कृपा करेंगे कि क्या केन्द्रीय सरकार ने, भारतीय संविधान में व्यवस्थित आदिवासियों की भलाई के लिये, किसी राज्य या प्रान्त के किसी आदिवासी क्षेत्र को विकसित करने के लिये, पंचवर्षीय योजना में सम्मिलित किया है ?

(ख) यदि किया है तो वह योजना क्या है और किस प्रान्त या राज्य के किस आदिवासी क्षेत्र में कार्यन्वित की जायगी ?

The Minister of Home Affairs and States (Dr. Katju): (a) and (b). Programmes for the welfare of scheduled tribes and development of scheduled tracts are included in the respective plans of the State Governments. The provision for this purpose under the Five Year Plan amounts to about Rs. 10 crores. In addition to this provision, the Central Government is directly financing the development programme of the North East Frontier Agency, which is estimated to cost Rs. 3 crores in the plan period.

ARCHAEOLOGICAL RESEARCH DEPARTMENT

338. **Shri Sivamurthi Swami:** (a) Will the Minister of **Education** be pleased to state whether Karnatak University Senate has requested the Government of India for grants to open archaeological (research) department in the University?

(b) If so, what steps Government have taken in this respect?

(c) Has any officer or expert been appointed to enquire into this matter?

(d) If so, what is the result of his enquiry?

(e) What overall grant is being given from the Centre to the Karnatak University yearly?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) No.

(b) to (d). Do not arise.

(e) The Central Government are not responsible for grants to the Karnatak University. However, the question of financial assistance to Universities established by State Governments as part of the Five Year Plan for the development of Higher Education is at present under consideration.

ADVISORY BOARD ON SOCIAL WELFARE

339. **Shri S. N. Das:** Will the Minister of **Education** be pleased to state:

(a) the important recommendations of the Advisory Board on Social Welfare that have been accepted and given effect to by Government; and

(b) the recommendations that have been accepted but not put into operation so far?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 39.]

(b) There was only one recommendation for the acceptance of the Government of India, which is under consideration.

CRIMINAL CASES IN TRIPURA

340. **Shri Biren Dutt:** Will the Minister of **States** be pleased to state:

(a) whether a huge number of criminal cases have recently been taken cognizance of by the Police in Tripura:

(b) whether the cases are properly conducted or not;

(c) if the answer to part (a) above be in the affirmative, how many cases have led to punishment since 1951:

(d) whether there are cases in which undertrials have been kept in prison for more than two years; and

(e) what is the number of such cases referred to in part (d) above?

The Minister of Home Affairs and States (Dr. Katju): (a) The number of Criminal cases taken cognizance of by the police in Tripura during 1951 and the first half of 1952 is 2057.

(b) Yes.

(c) Of the total number of cases registered, 542 cases were chargesheeted and 58 cases have led to conviction.

(d) No.

(e) Does not arise.

MILITARY CAMPS

341. **Shri S. V. Ramaswamy:** (a) Will the Minister of Defence be pleased to state how many military camps were constructed in India during the last war?

(b) How many were wholly dismantled, how many partially and how many are still intact?

(c) Do Government propose to dismantle the remaining ones also?

The Deputy Minister of Defence (Shri Satish Chandra): (a) and (b). 5770 camps were constructed on requisitioned and hired lands, out of which 5203 have been dismantled or disposed of leaving a balance of 567.

Information regarding the camps constructed on Government lands is not readily available.

(c) Camps surplus to Defence requirements will be disposed of to the best advantage of Government having regard to the circumstances and conditions of each camp.

FIRE ARMS

342. **Shri Rishang Keishing:** Will the Minister of States be pleased to state:

(a) the number and types of fire-arms collected by the Government of Manipur from the 15th October, 1949 up-to-date;

(b) whether the hill people rendered help and co-operation in the collection of fire-arms;

(c) whether it is a fact that some instances of indiscriminate raids, arrests and beatings of innocent villagers by the police in connection with the collection of fire-arms were reported to the State Government;

(d) if so, what was the number of such cases;

(e) whether it is a fact that the Sub-Inspector of Special Police in charge of arms collection issued several fire-arms to the villagers; and

(f) if so, what was the number of fire arms so issued and whether he had any authority to do so?

The Minister of Home Affairs and States (Dr. Katju): (a) The latest report from the Manipur administration shows that the following fire-arms were collected by the State:—

Type	No.
(1) Jap Rifles	2,411
(2) Jap Rifle barrels	353
(3) Chinese Rifles	26
(4) Chinese Rifle barrels	8
(5) Chinese gun	3
(6) British Rifles	1,190
(7) British Rifle barrels	163
(8) American Rifles	58
(9) SBML guns	70
(10) SBML guns' barrels	145
(11) SBBL guns	8
(12) DBBL guns	10
(13) British LMG	24
(14) British LMG barrel	31
(15) Jap MLG	1
(16) 2" morter	1
(17) 3" mortar	5
(18) Jap machine gun	74
(19) Jap machine gun barrel	1
(20) Jap anti-tank gun	3
(21) British anti-tank gun	5
(22) Tommy gun	69
(23) Tommy gun barrel	16
(24) Sten gun	96
(25) Sten gun barrel	11
(26) Bren gun	27
(27) Bren gun barrel	60
(28) Country made gun	42
(29) Pistol	18
(30) Jap Pistol	2
(31) American Pistol	5
(32) Revolver ·45	4
(33) British revolver	2
(34) Jap revolver	2
(35) American revolver	2
(36) Revolver	26
(37) Bullet discharger	2
(38) Thomson Sub-machine gun	1
(39) Automatic gun	4
(40) Signal Pistol	13
(41) Bayonets	368
(42) Gun barrel	89
(43) Ammunition of various types	1,36,775

(b) Yes.

(c) and (d). Two or three complaints were received. The cases were inquired into but in no case were the allegations substantiated.

(e) No.

(f) Does not arise.

INDUSTRIAL AND TECHNICAL EDUCATION

343. Dr. Jatav-vir: Will the Minister of Education be pleased to state:

(a) the modes of giving Industrial and Technical Education to the Scheduled Caste people;

(b) the amount spent each year so far for their Industrial and Technical Education;

(c) the extent to which Government have been successful in spreading Industrial and Technical Education among them;

(d) whether it is a fact that they are generally refused admission to Industrial and Technical Institutions; and

(e) if the answer to part (d) above be in the affirmative, what action are Government proposing to take in the matter?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) The mode of giving Industrial and Technical Education to the Scheduled Castes is the same as for other communities.

(b) As the accounts of educational institutions are not maintained Community-wise, no separate information is available about the expenditure incurred on the training of Scheduled Caste students. Under the Government of India Scheme of Scholarships to Scheduled Caste people for their post-matriculation studies, however, 248 scholarships of the total value of about Rs. 1,62,700 have been awarded for technical education during the year 1952-53.

(c) Government's success in spreading Industrial and Technical education amongst the Scheduled Caste people may be judged from the fact that whereas 15 scholarships were awarded to members of this community during 1944-45, 248 are awarded in the year 1952-53.

(d) No. Seats are reserved for Scheduled Caste people in almost all Technical Institutions and as far as the Scheduled Caste candidates fulfil the minimum qualifications prescribed for admission, the seats allotted for that community go to them. For the rest of the seats they compete with other applicants.

(e) Does not arise.

JAMMU AND KASHMIR CONSTITUENT ASSEMBLY

344. Dr. N. B. Khare: Will the Minister of States be pleased to state who are the representatives of Jammu on the Kashmir Constituent Assembly?

The Minister of Home Affairs and States (Dr. Katju): According to information received from the Government of Jammu and Kashmir the following are the representatives of Jammu in the State's Constituent Assembly. The Constituencies represented by them are indicated in brackets:—

(1) Pt. Ram Lal	(Akhnoor).
(2) Mr. Mohammad Ayub Khan.	(Arnas).
(3) Mr. Mahant Ram	(Basohli).
(4) Pt. Ram Chand Khajuria.	(Billawar).
(5) Mahasha Mohar Singh.	(Bishnah).
(6) K. Chuni Lal	(Bhadrawah).
(7) Mr. Abdul Gani Goni.	(Bhalesa-Bhuajwah).
(8) S. Chola Singh	(Chhamb).
(9) Mr. Jamal-ud-Din	(Drabal)
(10) Kh. Ghulam Ahmed Dew.	(Doda).
(11) Master Ghulam Ahmad.	(Havali).
(12) Mr. Girdhari Lal Dogra.	(Jasmergarh).
(13) Shrimati Ishar Devi Maini.	(Jammu City Northern).
(14) Shrimati Ram Devi.	(Jammu City Southern.)
(15) Wasir Ram Saran	(Jandrah Charata).
(16) Mr. Pier Singh	(Kathua).
(17) Mr. Ram Rakha	(Kahna-Chak).
(18) Kh. Ghulam Rasool Kraipak.	(Kishtwar).
(19) Pt. Bhagat Ram	(Lander Tikri).
(20) Maulvi Jamaitali Shah.	(Mendhar).
(21) Mr. Krishen Dev Sethi.	(Nowshehra).
(22) Mr. Sagar Singh	(Parmandal).
(23) S. Kalbir Singh	(Poonch City

(24) Bhagat Chhajju Ram.	(Ranbir singhpura).
(25) Mr. Abdul Aziz Shawl.	(Rajouri).
(26) Mr. Hem Raj	(Ramnagar).
(27) Mr. Mansukh Rai.	(Reasi).
(28) Mr. Abdulla Mir	(Ramban).
(29) L. Ram Piara Saraf	(Samba).
(30) Pt. Moti Ram	(Udhampur).

NATIONAL DEFENCE ACADEMY, DEHRA DUN

345. **Shri Madhao Reddi:** Will the Minister of Defence be pleased to state the annual expenditure which is being incurred on the National Defence Academy, Dehra Dun?

The Deputy Minister of Defence (Shri Satish Chandra): The total annual expenditure incurred on the National Defence Academy, Dehra Dun, is approximately Rs. 72,00,000.

THE
PARLIAMENTARY DEBATES

Dated 20.11.2014

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

HOUSE OF THE PEOPLE

Thursday, 4th December, 1952

The House met at a Quarter to Eleven of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

11-45 A.M.

MOTIONS FOR ADJOURNMENT

SITUATION IN JAMMU

Mr. Deputy-Speaker: I have received notices of two adjournment motions. One is regarding:

> "(1) The illegal use of Police of States other than Jammu and Kashmir to wit—the Punjab and Saurashtra—being used to suppress the Constitutional non-violent movement of pro-Indan *satyagrahies* of Jammu Province.
>
> (2) Carrying out false propaganda against *satyagrahies* namely the breaking up of the furniture in Akhnur and firing by the public at Samba and utilizing such false accusation to crush the feeling in favour of India.
>
> (3) Carrying on insult to the Indian National Flag in the State.
>
> (4) Use of tear gas and frequent *lathi* charges on the peaceful non-violent procession and injuring hundreds of persons and women at Udhampur, Ranbirsingh Pura and Bhadarwa.
>
> (5) Not allowing the Indian nationals free entry in Jammu."

I do not know how various items relating to the Jammu Administration can be put under one adjournment motion. The use of tear gas and frequent *lathi* charge is one matter. Not allowing Indian nationals free entry in Jammu is an independent one. When did it start?

Shri U. M. Trivedi (Chittoor): Only recently the ban has been put.

Mr. Deputy-Speaker: Recently means when?

Shri U. M. Trivedi: Just now...

Mr. Deputy-Speaker: At eleven o'clock today?

Shri U. M. Trivedi: ... to break the agitation in Kashmir.

Mr. Deputy-Speaker: First of all, which of these matters will the hon. Member restrict his adjournment motion to? Not more than one single matter can be looked into in one motion. That is number one. The second point is that this is a State subject. The State is in charge of law and order. I would like to hear from the hon. Member how this is admissible.

The same objection applies to the other one also which is regarding "the seriously deteriorating situation developing from day to day, following the *satyagraha* movement started in Jammu and Kashmir and the repressive measures adopted by the authorities in connection therewith including the use of tear gas and *lathi* charges on innocent people". That is by Dr. Syama Prasad Mookerjee. I will call one after the other.

Shri U. M. Trivedi: Sir, as suggested by you I would concentrate the adjournment motion on the question of preventing the entry of Indians into Jammu and Kashmir.

Our Prime Minister said, when he made a statement on the floor of this House, that the entry of Indians into Jammu and Kashmir was in no manner restricted.

Mr. Deputy-Speaker: When was this done? When was this ban put?

Shri U. M. Trivedi: It has been put, according to the Press, since yesterday.

Mr. Deputy-Speaker: I would like to be satisfied *prima facie* that such a ban was put and the exact time of it. If it is old this House will not take notice.

Shri U. M. Trivedi: The news has been published on the first page of the *Times of India* this morning.

Mr. Deputy-Speaker: Very well. I will get to the other one.

Dr. S. P. Mookerjee (Calcutta South-East): Sir you have just now said it is a matter which affects a particular State and therefore you wanted to know how it becomes relevant here. I shall deal with that point.

According to our rules, Sir, they do not provide that Parliament is not entitled to consider any matter merely on the ground that it concerns a particular State. Rule 60 says:

> "Subject to the provisions of these rules, a motion for an adjournment of the business of the House for the purpose of discussing a definite matter of urgent public importance may be made with the consent of the Speaker".

But I am aware that on previous occasions the Speaker had ruled a number of times that normally speaking the House should not be asked to discuss a matter which is primarily the concern of a particular State. On this occasion, Sir, I would humbly suggest that so far as Jammu and Kashmir is concerned there is a peculiar relationship between India and Jammu and Kashmir. Secondly, this situation, which is already serious, may prejudice Indo-Kashmir relationship. It may also affect consideration of the Kashmir issue at the international forum and thus affect External Affairs. That is a subject matter for which the Government of India is directly responsible.

Then, conflicting reports are appearing about what is happening there. There are reports of firing, of trampling of the Indian Flag under foot; there is suppression of news; there is also the charge that the Indian Police is being used for the purpose of suppressing the movement. Also, as my hon. friend pointed out, today it has appeared in the papers that there is a possibility of the movement affecting some of the border States within the Indian Union and precautionary measures are being adopted by the Governments of Punjab and P.E.P.S.U.—so that it is now in a developing stage and the matter is of a sufficiently urgent and serious nature to justify discussion in the House. I am not going into the merits of the case. I am only dealing with the admissibility of the motion. There are several circumstances which, I would submit, would entitle you not to rule it out of order. And then of course when the matter is taken up on its merits, no doubt the different viewpoints will be placed before the House.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): In so far as this matter is admissible or not it is for you, Sir, to decide. It is obviously a question of internal law and order in a State.

There are one or two statements made which rather surprise me. The hon. Member talked about some kind of ban being introduced yesterday. Well, I am not aware of any such thing. As a matter of fact, for the last four or five years, ever since the military operations were going on, there has been a rule introduced by the Government of India—not by the Kashmir Government—requiring people who go there to take a permit, because we found that all manner of wrong people went there, for purposes of espionage, etc. That rule is not very strictly applied except in very special cases, because on the other hand we wish to encourage, and we have encouraged, tourists going there in large numbers. Therefore, although normally the permit is issued by the Defence Ministry, arrangements were made for these permits to be issued by a large number of authorities, district magistrates and the like, in various parts of India. So far as I know, no change has been made either yesterday or today. In the last few weeks or months the same rule applied. It may be—I cannot say—that the rule may be applied with greater scrutiny. There is a possibility. Then it is true that in the course of the last two weeks or so, the Jammu and Kashmir Government asked us to send them some additional police—ordinary police and at our request the Punjab State Government sent them 162 policemen plus two tear gas squads. They consist of twelve men each. That is from the Punjab State because all these disorders are taking place in Jammu and Kashmir.

Reference has been made in these adjournment motions to *satyagraha* movement and *lathi* charging of innocent people and all that. I do not know what my hon. friend means by *satyagraha* but I have never come across anything more remote from *satyagraha* than what is taking place in Jammu and Kashmir.

Dr. S. P. Mookerjee: On a point of order, Sir. Are we permitted to go into the merit of this question? I thought you were discussing the question of admissibility. If you allow discussion by the Prime Minister, I expect that you will allow us also to reply.

Mr. Deputy-Speaker: Even apart from the question of admissibility or responsibility, the hon. Prime Minister said some persons were sent from the Punjab to help the administration. That is, under the law, any Government, if it is not able to restore law and order by its own police force, it could draw upon either the military or another State Government or even seek help from the Centre. Therefore, in the normal course, whatever step is taken, cannot be the subject matter of an adjournment motion. It must be very serious. The hon. Prime Minister just said that it is not such a serious affair. So far as the *satyagraha* movement is concerned, the hon. Prime Minister says it is not a genuine *satyagraha* movement.

Shri Jawaharlal Nehru: I am not discussing the matter and I do suggest, Sir, that some hon. Members in this House are trying to encourage utterly undesirable activities there.

Some Hon. Members: Question.

Shri Jawaharlal Nehru: I have proof of that.

Dr. S. P. Mookerjee: It is a question of privilege of the Members. If the Prime Minister has got proof of it, he must say who the Members are. Let him say whom he is referring to. He has no right to cast any reflection on the Members of the House.

Shri Jawaharlal Nehru: Hon. Members of the Hindu Mahasabha in this House.

Shri V. G. Deshpande (Guna): I protest against this, Sir, and under privileges I am entitled to a hearing from the Chair. I say that a very serious allegation has been made and a Committee of Privileges should be appointed and the Prime Minister asked to substantiate the charge. If he cannot, he should be called upon to withdraw the charge.

Shri N. C. Chatterjee (Hooghly): It has been a thoroughly unfounded allegation.

Shri Jawaharlal Nehru: Is not the djournment motion itself in support f the undesirable activities? I am prepared to justify every word of what I say.

Shri V. G. Deshpande: It is perfectly legitimate to move adjournment motions. If the Prime Minister is so sure he should not evade discussion.

Mr. Deputy-Speaker: I want some more enlightenment on this point as to whether it is not a State subject and whether the hon. Prime Minister......

Shri Jawaharlal Nehru: It is a very simple matter that some people are indulging in disorderly activities in the State. Among other activities were a number of raids on boys' and girls' schools, burning books and other scandalous state of affairs and if I were there, I would have taken sterner measures than the Jammu and Kashmir Government have taken.

Dr. S. P. Mookerjee: These should be discussed here. The Prime Minister has made a statement on the reports which have reached him. We have received exactly contrary reports and that makes out a case that the matter should be discussed on the floor of this House. There is no need for showing temper.

12 NOON

Mr. Deputy-Speaker: I have heard both the arguments in respect of the adjournment motion. Dealing first with the adjournment motion tabled by Shri Trivedi who has confined himself to the last item "Not allowing the Indian Nationals free entry in Jammu", the hon. Prime Minister has just said that this restricted entry has been there for a number of years and in the interests of safety, all of a sudden, it could not be allowed. It may be that greater scrutiny is now brought to bear on the persons that get into or want to get into Jammu and Kashmir State. Therefore, in view of the fact that this ban has been there for some time, I do not consider that it is a matter of urgent public importance arising for a motion of adjournment of that sort. Therefore, I disallow this motion.

As regards the other one, it is *prima facie* a law and order subject. It may be a serious one, it may not be a serious one but it is entirely for the State of Jammu and Kashmir to control it. It is entirely within the province of the State of Jammu and Kashmir. Under the law, whenever any State is not in a position sufficiently with its own police force to restore law and order, it can certainly call upon other States or the Union Government to come to its aid and send their reinforcements and therefore, in the normal course, whatever is

[Mr. Deputy-Speaker]

done by a Government, could not be challenged. Under those circumstances an adjournment motion is not the proper remedy even if any section of the public or any Members of Parliament consider it necessary. Members can table a question that more than usual force has been sent or more than the ordinary force ought to have been raised, like that and it may be answered, but apart from that, I do not consider that an adjournment motion is the proper remedy to ventilate such grievances. I disallow the other adjournment motion also.

Dr. S. P. Mookerjee: In view of the conflicting reports which have been made and the serious possibilities of this movement being carried on, may I suggest, Sir, that we may have a half day's debate on Saturday if the Prime Minister agrees.

Shri Jawaharlal Nehru: I am perfectly prepared to state such facts as are in my possession for the information of the House. I do not see how any useful purpose would be served by such a debate. Apart from the legal aspect of it, I am prepared to place before this House all such facts as I can gather.

Mr. Deputy-Speaker: When such debates generally take place, if the hon. Members are not satisfied and if there is not sufficient time by way of a question to elucidate that matter, then Government might consider whether it is necessary or desirable.

An Hon. Member: This question has been disallowed.

Mr. Deputy-Speaker: It will be reconsidered.

LEAVE OF ABSENCE

Mr. Deputy-Speaker: I have to inform the hon. Members that I have received the following letter from Shri Pannalal R. Kaushik:

> "As I am seriously ill here and as the Doctors have advised me to take complete rest, it is not possible for me to attend the second session of the House of the People which has commenced from the 5th November, 1952. I would, therefore, request you and the Members of the House to permit me to be absent from the meetings of the House in this Session.
>
> In case I recover early and the Doctors allow me to take part in my day-to-day work, I shall certainly attend the meetings of this House."

Is it the pleasure of the House that leave be granted to Shri Pannalal R. Kaushik to be absent from all the meetings of the House of the People during this session?

Leave was granted.

SUPPLEMENTARY DEMANDS FOR GRANTS, 1952-53.

The Minister of Revenue and Expenditure (Shri Tyagi): I beg to present a statement showing Supplementary Demands for Grants for expenditure of Central Government (excluding Railways) for the year 1952-53.

PAPER LAID ON THE TABLE

REPORT OF REHABILITATION FINANCE ADMINISTRATION

The Minister of Revenue and Expenditure (Shri Tyagi): I beg to lay on the Table a copy of the Report of the Rehabilitation Finance Administration for the half-year ended the 30th June, 1952, in accordance with sub-section (2) of section 18 of the Rehabilitation Finance Administration Act, 1948. [*Placed in Library. See* No. IV. O. 4(35).]

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL—*Contd.*

Shri S. S. More (Sholapur): On a point of information, Sir. The hon. Mr. Tyagi was pleased to read a letter received from the Chairman of the Corporation. I want to know whether it is placed on the Table of the House so as to form part of the record.

Mr. Deputy-Speaker: Whatever is read to the House will form part of the record of the House.

Shri S. S. More: I did not get it. I wanted to look into it. It could not be got.

Mr. Deputy-Speaker: It cannot be circulated immediately.

Shri S. S. More: He read it two days back.

Mr. Deputy-Speaker: What he has read will form part of the record.

Shri Sarangadhar Das: (Dhenkanal—West Cuttack): May I point out that he did not read the letter fully? The letter itself should be laid on the Table of the House. Only portions of it have gone into the record.

Dr. S. P. Mookerjee: (Calcutta South-East): That is true

Mr. Deputy-Speaker: May I suggest to the hon. Minister, whatever letter he has read or part of a document, it must be placed on the Table......

The Minister of Revenue and Expenditure (Shri Tyagi): If I may submit, Sir, there was nothing to keep away from the letter. I can read the whole of it. I read only relevant portions; but I have no objection in placing the whole letter before the House.

Shri Sarangadhar Das: Thank you.

Clause 2.—(*Amendment of section 2 etc.*)

Shri T. K. Chaudhuri (Berhampore): May I point out, Sir, that there is a small printing mistake in cyclostyling? In the first line of my amendment, it should read "......shipping or in any other trade......". The word "trade" has been dropped.

Mr. Deputy-Speaker: The words "ancillary to a manufacturing industry.." should be there.

Shri T. K. Chaudhuri: Yes. I beg to move:

In page 1, line 7, for "or in shipping" substitute:

> "or in transport, shipping or in any other trade ancillary to a manufacturing industry which in the opinion of the Corporation deserves encouragement".

I will not take much of the time of the House in speaking on my amendment. It is almost self-explanatory. What I have sought to get included are transport and trades ancillary to a manufacturing industry. There mgiht be special cases where in order to develop a particular industry, some ancillary trades have also to be encouraged. It is for this purpose that I want to include 'trade'. Otherwise, I am quite conscious of the fact that the Industrial Finance Corporation is meant to extend financial help only to manufacturing industries. So far as shipping and transport are concerned, I think their case for help is self-evident. My amendment only extends the scope of helping to be given to concerns dealing with transport and shipping. Shipping is already there in the amending Bill. I want transport and also a few special type of trades to be included.

The Deputy Minister of Finance (Shri M. C. Shah): I do not accept the amendment.

Mr. Deputy-Speaker: Amendment moved:

In page 1, line 7, for "or in shipping" substitute:

> "or in transport, shipping or in any other trade ancillary to a manufacturing industry which in the opinion of the Corporation deserves encouragement".

Shri M. S. Gurupadaswamy (Mysore): According to the new amendment made to this section the words "or in shipping" are sought to be introduced. I have got a misgiving in my mind in regard to which aspect of shipping a loan granted by the Industrial Finance Corporation will be utilised. As I understand, shipping has got two branches: commercial and constructional. The point is whether the loan granted by the Corporation is to be utilised for both the branches, that is, whether the Government wants that the loan sanctioned by the Corporation may be utilised to any branch of this industry or should it be confined to a particular branch of the industry, either to the building sector of it or the commercial sector.

I feel that shipping, of course, is an industry which should be supported. It should be helped. It requires a huge amount of money. But, while helping the shipping industry, as far as possible, loans should be sanctioned for the purpose of ship-building and not for commercial enterprises. You are aware, Sir, that the financial resources of the Corporation are limited, and loans are needed for other industrial purposes as well. So, instead of giving loans to commercial shipping, it is advisable from the point of view of the community in general and from the point of view of the nation, to help only ship-building. Therefore, I want that, instead of putting it "or in shipping" in a general way, it is better to amend it and say, 'ship-building' or some such thing so that the money that is granted for shipping may be utilised only for building purposes.

Shri K. K. Basu (Diamond Harbour): We have had enough discussion on the general aspect of the Industrial Finance Corporation. On this particular clause, when an attempt is made to extend the scope of the Industrial Finance Corporation so as to include shipping industry, we have not yet been supplied with enough material to justify the Government's desire to extend the scope. We have had the recent experience of how certain industrial concerns which were granted loans to develop ship-buildings yards at Vizagapatam failed and Government had to take over and give much more money in collaboration with some other foreign firms. We have an apprehension—unless the full facts in regard to the way in which the Industrial Finance Corporation is reported to have

[Shri K. K. Basu]

worked so long are presented before the House—we do not know whether the extension of the scope of the section will enable India to develop industrially. We are fully conscious that in an industry such as shipping, both the manufacturing and the commercial aspects need to be developed, because, we are as yet very much dependent on foreign concerns. We know very well that even the food gifts or whatever was coming had to depend on foreign shipping and as a result, our exchequer had to pay much more than what is usually contracted for. But we feel that unless the Government gives an assurance that they will not allow this extension of scope to be utilised by a section of the industrialists which, unfortunately has a sort of—I will not say unholy—influence over this Government, this sum which the Government propose to guarantee or to spend through these industrial concerns would not be properly utilised. Therefore, before we accept this amendment, we think the Government should give an assurance that they would do all in their power to see that the money is properly utilised for the industrial development of the country, and not for increasing the wealth of a small section of industrialists who are today influencing the Government's policy, and especially the Industrial Finance Corporation.

Mr. Deputy-Speaker: The question is:

In page 1, line 7, for "or in shipping" substitute:

"or in transport, shipping or in any other trade ancillary to a manufacturing industry which in the opinion of the Corporation deserves encouragement".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3.—(*Amendment of section 10 etc.*)

Shri K. K. Basu: I beg to move:

In page 1, line 13, after "be substituted" add:

"and the words 'who shall not be connected in any way with big business in industry' shall be added at the end".

Mr. Deputy-Speaker: Amendment moved:

In page 1, line 13, after "be substituted" add:

"and the words 'who shall not be connected in any way with big business in industry' shall be added at the end".

Shri T. K. Chaudhuri: Sir, I move:

In page 1, for lines 16 and 17, substitute:

"(g) One Deputy Managing Director appointed by the Central Government after consideration of the recommendation of the Board."

Mr. Deputy-Speaker: Amendment moved:

In page 1, for lines 16 and 17, substitute:

"(g) One Deputy Managing Director appointed by the Central Government after consideration of the recommendation of the Board".

Shri A. C. Guha (Santipur): I am not moving, Sir.

Mr. Deputy-Speaker: If the hon. Member is not able to speak up with respect to any of the amendments he has tabled, he may ask another hon. Member to read out for him, but he ought to be in the House. He may say which amendment he wants to move.

Shri A. C. Guha: I have no amendment to move in clause 3.

Shri Sivamurthi Swami (Kushtagi): I beg to move:

In page 1, line 22, for "but shall not" substitute "and".

Mr. Deputy-Speaker: Amendment moved:

In page 1, line 22, for "but shall not" substitute "and".

Shri T. K. Chaudhuri: I beg to move:

In page 1, line 27, after "meeting" add:

"on being authorised in writing by the Managing Director to do so."

Mr. Deputy-Speaker: Amendment moved:

In page 1, line 27, after "meeting" add:

"on being authorised in writing by the Managing Director to do so."

Is the hon. Minister accepting any of these amendments?

Shri M. C. Shah: No.

Mr. Deputy-Speaker: Do hon. Members want to say anything regarding these amendments?

The amendment to section 10 of the original Act contained in clause 3 is that one more Director may be added to the existing number of three, thus making it four. Now, to extend the qualification proposed in Mr. Basu's amendment to the other three Directors existing already is out of order. That is not a matter which is modified or amended by the amending Bill. Hon. Member will kindly remember the scope of the Bill so that there may not be any difficulty. The Bill is an amending Bill. There can be a modification only so far as the portions of the original Act are touched upon in substance by the Bill. It is not as if the whole Act is under consideration now, open for discussion or open to amendment. Therefore, any amendment which goes beyond the scope of the Bill will be out of order. That is, if there are already three members and they want to convert their number into four, now to add a qualification even for the existing three members will be going beyond the scope of the Bill. On the other hand, the hon. Member may say that the fourth member who is added shall have such and such qualifications. That will be in order, whatever may be the opinion of the House. To extend this qualification to all the three existing ones, will be not in order.

Shri K. K. Basu: My intention was to qualify all the four.

Mr. Deputy-Speaker: True. It may be very good, but it is not in order.

Shri K. K. Basu: I will not take long.

Mr. Deputy-Speaker: It is not a question of taking a long time. The amendment cannot be in its present form. It should be:

In page 1, line 13, after "be substituted" add:

> "and the words 'provided that the fourth member shall not be connected in any way with big business in industry' shall be added at the end."

Pandit Thakur Das Bhargava (Gurgaon): Which means all the rest may be so connected, but the fourth member will not be.

Mr. Deputy-Speaker: At least one is not connected. That is all. Shall I take it to be the amendment?

Shri K. K. Basu: As you have ruled so, I think that is the only alternative for me.

Shri T. K. Chaudhuri: At least let us save one from the clutches of big business.

Shri K. K. Basu *rose*—

Mr. Deputy-Speaker: The hon. Member has said sufficient about this matter.

Shri K. K. Basu: No.

Mr. Deputy-Speaker: The discussion was only for this purpose against "big business".

Shri K. K. Basu: We never caught your eye.

Shri M. S. Gurupadaswamy: Can we not discuss the entire section 10?

Mr. Deputy-Speaker: No. The hon. Member may say that there need not be an increase to four, but the number be increased to five.

Shri M. S. Gurupadaswamy: I am talking of the principle underlying that section, whether there should be nomination of all the Directors by the Government or its composition should be of private industrialists as well as the nominees of the Government.

Mr. Deputy-Speaker: No. Whatever is not touched by the Bill, as a matter of principle ought not to be touched here.

श्री शिवमूर्ति स्वामी: इस धारा में जो यह बतलाया गया है कि इंडस्ट्रियल फाइनेन्स कारपोरेशन (Industrial Finance corporation) में तमाम तरह के लोगों के इंटरेस्ट को क़ायम रखने की ग़रज़ से तीन के बजाय बढ़ा कर जो चार करने की कोशिश की गई है वह ठीक है। लेकिन डिप्टी डाइरेक्टर (Deputy Director) का नामिनेशन (nomination) करके उस को एक क्लर्क की तरह बिठा देना यह कारपोरेशन के इंटरेस्ट के खिलाफ़ होगा। लिहाज़ा यह मेरी दिली ख्वाहिश है और मिनिस्टर साहब से अर्ज़ है कि मैनेजिंग डाइरेक्टर (Managing Director) को वोटिंग पावर (voting power) देना ज़रूरी और लाज़िम होगा। हमने इस बिल

[श्री शिवमूर्ति स्वामी]

पर तीन दिन की बहस में यह कहा है कि इस कारपोरेशन के कारनामों से चन्द ही लोगों को फ़ायदा हुआ है । उसी हिस्से को ज्यादा से ज्यादा कर्ज़ा दिया गया है जहां पहले ही से काफ़ी इंडस्ट्री थी । अनडेवेलप्ड एरिया (undeveloped area) को, जैसा कि कल मोरे साहब ने ज़िक्र किया था, कि करनाटक को या इसी तरह की बहुत सी जगहों को, इससे फ़ायदा नहीं हुआ और उस एरिया की तरफ़ ज्यादा ध्यान नहीं दिया गया है । इस की वजह यही है कि उन रीजियन्स (regions) के रिप्रेजेंटेटिव्स (representatives) कारपोरेशन में नहीं हैं । लिहाज़ा अगर आप नये मैनेजिंग डाइरेक्टर को वोटिंग पावर नहीं देंगे तो यह शक बना रहेगा कि कारपोरेशन का कारोबार पहले ही जैसा है । वैसा चलता रहेगा । लिहाज़ा इस शक को मिटाने के लिये और दोष को दूर करने के लिये यह ज़रूरी होगा कि डिप्टी मैनेजिंग डाइरेक्टर को मीटिंग में वोटिंग का पावर दिया जाय ।

इस के साथ साथ अभी जो आनरेबिल बसु साहब ने अपना अमेंडमेंट पेश किया कि उन को किसी किस्म की इंडस्ट्री से दिलचस्पी न रहे, इस का भी खास तौर पर लिहाज़ रखना लाज़मी होगा । इस लिहाज़ से मैं उस अमेंडमेंट की भी ताईद करते हुए दो चार शब्द कहना ज़रूरी समझता हूं । यहां जितने भी डाइरेक्टर होते हैं उन को किसी क़िस्म की दिलचस्पी नहीं होनी चाहिये । हालांकि इस पर बहुत कुछ बहस हुई कि किन को कर्ज़ा मिला या नहीं मिला और उन के नाम क्या क्या हैं, फिर भी उसका पूरा इतिहास तो बाहर नहीं आया । लेकिन कुछ कुछ जो बाहर आया उसमें तो कुछ दिलचस्पी पाई गयी । लेकिन इस क़िस्म की चीज़ से अगर कारपोरेशन को दूर करना है तो मैं अपनी पूरी ताक़त से इस बात की पुरज़ोर ताईद करता हूं कि कोई नुमाइन्दा, यानी कारपोरेशन का कोई डाइरेक्टर किसी इंडस्ट्री से दिलचस्पी रखने वाला या बड़ा मालदार न हो । ऐसे बहुत से एक्सपर्टस (Experts) या बहुत से बड़े बड़े लोग हो सकते हैं जो इस कारपोरेशन को आगे कामयाब बनाने में अपनी ख़िदमात अंजाम दे सकें । इसलिये मुझे और ज्यादा कुछ कहना नहीं है । सिर्फ़ मैं अपनी अमेंडमेंट के हद तक और इस धारा की हद तक अपने विचार को महदूद रखते हुये इन दो सूचनाओं पर ही ज़ोर देना चाहता हूं ।

इस कारपोरेशन की मार्फ़त इंडस्ट्री को मदद देने के लिये काम करना है । लेकिन फिर भी कई मौक़े पर इंडस्ट्री को या कारखानों को मदद न मिलने की वजह से उन को बेच देना पड़ता है । हैदराबाद की ही एक मिसाल है । अख़बारों में बहुत से मेम्बरों ने पढ़ा होगा कि सिरपुर पेपर मिल्स और सेरीकल्चर की इंडस्ट्री जो वहां चली आ रही थी, उनको किसी क़िस्म की मदद न मिलने की वजह से या और वजह से बिड़ला एंड कम्पनी को बेच दिया गया । इस तरह पब्लिक ट्रस्ट (Public Trust) बनाने के बजाय फिर प्राइवेट एंटरप्राइज़ (Private Enterprise) को हमारी इंडस्ट्री बेच देने की हालत आ रही है ।

दूसरी बात यह है कि छोटी छोटी घरेलू सनअतों को भी इस कारपोरेशन से मदद नहीं मिल सकती । यह भी उसूल की बात है । लिहाज़ा इस तमाम दिलचस्पी और इंटरेस्ट को महदूद करने के लिये मैं ज़ोर से आप से कहना चाहता हूं कि इसके जो

डाइरेक्टर्स हैं वे किसी सनअत से दिलचस्पी न रखें और मैनेजिंग डाइरेक्टर को वोटिंग पावर हो ।

इस की भी शिकायत बाक़ी न रहे कि किसी ख़ास हिस्से को आप डेवलेप (develop) कर रहे हैं या अनडेवलेप्ड एरिया को भूल रहे हैं । महज डेवलप्ड एरिया, जैसे बम्बई शहर को ही आप बढ़ाते जा रहे हैं या कलकत्ते जैसे शहर को ही आप बढ़ाते जा रहे हैं । दूसरे बहुत से बड़े बड़े शहरों को तो बहुत ज़्यादा हिस्सा मिल रहा है लेकिन बहुत से ऐसे दूसरे मुक़ामात हैं जहां इंडस्ट्री की काफ़ी तरक़्क़ी हो सकती है । आइरन एंड स्टील इंडस्ट्री के लिये कच्चा माल तो बल्लारी (मद्रास) में बहुत है, जिससे इस सनअत की बहुत कुछ उन्नति कर्नाटक में भी हो सकती है । वहां भी सीमेंट के कारखाने और काग़ज़ के बहुत से कारखाने हैं और हो सकते हैं लेकिन मदद कारगर नहीं मिलती । इस के लिये सेंटर (Centre) से भी कोई मदद नहीं मिलती । सीधे स्टेट वाले भी मदद नहीं देते । रीजिओनलिज्म और प्राविंशियलिज्म (Provincialism) के हिसाब से अपने मन्त्री तो बंटे हुए हैं । वे अपने हिस्से पर ग़ौर करते हुए पूरे अखंड हिन्दुस्तान में जो कारख़ाने हैं उन पर भी ग़ौर करें और उसमें जो बाधा आने वाली है उस का लिहाज़ रखें । मुझ से पहले भी बहुत से मेम्बरों ने और डिप्टी स्पीकर साहब तक ने यह विचार रखा है कि पूरी संस्था नेशनेलाइज (Nationalize) हो जाय । यह जो अमेंडमेंट आ रही है न कि पूरा "नेशनेलाइज़ेशन हो जाय", इस की कोई सूरत नज़र नहीं आती । तो मैं अर्ज़ करता हूं, प्रार्थना करता हूं और उम्मीद करता हूं कि कम से कम यह तो हो जाय कि मैनेजिंग डाइरेक्टर को वोटिंग की पावर रहे और जो नुमाइन्दे हों वे किसी इंडस्ट्रियल फ़र्म से दिलचस्पी रखने वाले न हों ।

Shri K. K. Basu *rose*—

Mr. Deputy-Speaker: The hon. Member wants to speak again?

Shri K. K. Basu: I have not spoken on this amendment. I only just moved my amendment.

By moving this amendment, I wanted to impress on the Government the advisability of decreasing the influence of the industrialists over the Industrial Finance Corporation. During the last few days there were allegations and statements by Members belonging to all shades of opinion to the effect that the administration of this Corporation is not above board. The main reasons given were that this Corporation was dominated by a section of the industrialists. Yesterday in reply to these allegations, the hon. Mover of the Bill tried to analyse and show that the industrialists were only two—the Chairman and Shri Biren Mookerjee. You know very well that in our country industrialists have quite a good deal of influence over the big banks. The hon. Minister tried to give only those persons who are directly known to be industrialists, but left out the representatives of the Central Bank of India or other big banks, who are represented under the provision relating to the scheduled banks' representatives. Under the Act itself, we cannot prevent these industrialists— or their financial partners, I should say—from influencing the big banks or the big insurance companies which are still dominated by a sort of trust of these big persons who have interests in industries, commercial institutions and banks. When such is the case, we feel that at least the nominees of the Government should be such that the interest of the nation and the over-all development or improvement of industry will be paramount to them, and they should be in a position to keep out of the influence of the industrialists that may try to dominate this Industrial Finance Corporation. With that end in view, I have moved this amendment to impress on the Government that in future at least, in choosing their representatives, they should see that the person nominated, even if he belongs to the Government service, will not be influenced by the industrialists.

We have been told that even in the executive sub-committee which has the power to grant loans and advances, there is only one industrialist, and that it is presided over by a Government

[Shri K. K. Basu]

nominee. Even then the facts which were produced before the House have not yet been challenged. As a matter of fact, they have been admitted partially, and two names at least have been disclosed. We find from all this, that at least one industrial magnate is strong enough to influence even the nominee of the Government.

Therefore, I feel that in future at least in exercising the power of nomination the Government should see that such persons of mental strength and integrity should be nominated—I do not say the present members have no integrity—who shall have the courage enough, if necessary, to fight the influence of industrialists and to see that the funds of the nation are used in the larger interest of industrial development and not to help the development or the growth of a particular industrial magnate or group.

Shri T. K. Chaudhuri: The amending Bill makes provision for the appointment of one Deputy Managing Director. But in significant difference to the original Act we find here that the Deputy Managing Director will be appointed by the Corporation. I think this is a pernicious principle so far as the Managing Director and the Deputy Managing Director are concerned.

Sir, you might remember when the original Act was being discussed in the House that preceded this one in 1948, it was demanded by almost all sections of the House that the Industrial Finance Corporation should be a fully nationalised body or State Corporation, but the Government of the day could not see their way to accept that suggestion and the Act as it was then passed, the Industrial Finance Corporation Act of today makes the Corporation partly State-owned and State-controlled. We on this side of the House are of the opinion that even if we are debarred from accepting the principle of nationalisation for the present, we should extend the limits of State control as far as it is possible. In view of the fact that the Deputy Managing Director will be vested with considerable powers, I feel, it is very necessary that he should be appointed directly by the Government. Of course, they may take into consideration the recommendation of the Board.

To make this amendment acceptable to the Government, although the Deputy Finance Minister has already shaken his head to this suggestion, I have tried to follow the original Act. Under the original Act, the Managing Director is to be appointed by the Central Government after consideration of the recommendation of the Board. I have tried to frame this amendment in a form which may be acceptable to the Government and may I appeal to him to accept at least this small amendment which only seeks to extend the power of the Government over this body against which so many complaints have been heard. Let him not at least be a party to framing any such provision which would further extend the control of private industrialists or bankers who are already there on the Board. The control of the Government, we feel, should be extended and the Deputy Managing Director should be appointed directly by the Central Government.

Shri M. S. Gurupadaswamy: The note on clauses provided in the Bill with regard to clause 3 reads like this:

> "In view of Government's responsibility on account of the guarantees given by the Government in terms of the Act and also to enable proper representation being given to all interests, provision is being made for the nomination of four Directors instead of three as at present. The Deputy Managing Director of the Corporation will be included in the Board of Directors of the Corporation without voting rights".

I draw the attention of the hon. Minister concerned—he is talking now; I want the Minister to listen to me.

Mr. Deputy-Speaker: The hon. Member wants the hon. Minister's wholehearted attention.

Shri Tyagi: Yes.

Shri K. K. Basu: He does not want to hear.

Shri T. K. Chaudhuri: He hears no evil!

Shri M. S. Gurupadaswamy: The increase in the number of Government nominees from three to four is intended, according to their own wording, to give representation to all interests. I want to know which interests have not so far been represented. There are three nominees of the Government already on the Board, and I want to know whether the Government is nominating people to represent different interests in the country, and which are the interests that have been recognised by the Government. There is no meaning in merely adding up Government nominees. There must be some principle or some objective in increasing the number of members of the Board. I have already made mention of the fact in my speech that the Government should nominate all the people in the Directorate, but it was not acceptable to the hon. Minister concerned. but anyway while confining my remarks to this only, I would ask the Government to give us full information as to the interests that have not been represented so far which interests Government want to favour here.

I feel the word 'interest' is unfortunately used. There should be only one interest, to my mind, that is, national interest.

Shri M. C. Shah: That will be the position.

Shri M. S. Gurupadaswamy: But you have mentioned 'all the interests'......

Shri M. C. Shah: National interests.

Shri Tyagi: Government interest is meant and we are only reinforcing the strength of the Government and that is the desire of the House. He will only be representative of the Government.

Shri M. S. Gurupadaswamy: So, I take it that 'all interests' mean Government interests or national interests.

Shri M. C. Shah: National interests.

Shri M. S. Gurupadaswamy: While appointing these men, special care should be taken. My hon. friend here has asked the Minister to appoint men of integrity and character. But I go still further and make it very clear—in appointing the nominees of the Government, it is always advisable to have economists...

Shri Tyagi: That is the intention,

Shri M. S. Gurupadaswamy: But I gather one of the members is an industrialist who does not know anything about national economy. While appointing these people, special care should be taken to find out economists...

Mr. Deputy-Speaker: The hon. Member wants an academic economist and not a practical economist?

Shri M. S. Gurupadaswamy: I want both academic and practical economists—those who combine academic instinct as well as practical vision.

An Hon. Member: And that must be a harmonious combination.

Shri M. S. Gurupadaswamy: I want the Government to find out such people who have no financial or industrial interest in any sector of the industry. Such people should be chosen. The people who are elected from among the shareholders are generally the representatives of banks, insurance companies and they naturally will have some interest or the other. We know how the banks, the joint-stock banks and the scheduled banks........

Mr. Deputy-Speaker: Are we getting into the section itself, section 10? I thought the hon. Member is confining himself to those portions that are amended. How does this arise out of this?

Shri M. S. Gurupadaswamy: They are cognate, Sir.

Mr. Deputy-Speaker: The hon. Member moved a motion for reference to a Select Committee. That was moved and debated upon at length. We should not once again go into those topics or portions which have not been touched upon by the amendment. There is only one question, a Deputy Managing Director and some other small amendments. I think the hon. Member must not stray away. If he has anything more to say he may say or otherwise he may resume his seat.

Shri M. S. Gurupadaswamy: So, I submit that while appointing one more nominee, the Government must say in what way they are experiencing any difficulty with the existing number, in what way the addition of one more member will help the Government to operate the concern in a much better way. They have not made out any case for the addition except that they want to give representation to all interests. I want the reply from the hon. Minister, so far as this question is concerned.

Shri M. C. Shah: I have already stated in my speech and in my reply that it is to have greater control over the administration that we want to have one more.

An Hon. Member *rose*—

Mr. Deputy-Speaker: Now, does the hon. Member want to speak after the Minister has concluded. The hon. Member will reserve his speech for another clause.

The question is:

In page 1, line 13, after "be substituted" add:

"and the words 'provided that the fourth member shall not be connected in any way with big

[Mr. Deputy-Speaker]

business in industry' shall be added at the end".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 1, for lines 16 and 17, substitute:

"(g) One Deputy Managing Director appointed by the Central Government after consideration of the recommendation of the Board."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 1, line 22, for "but shall not" substitute "and".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 1, line 27, after "meeting" add:

"on being authorised in writing by the Managing Director to do so."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4:—(*Amendment of section* 11 *etc.*)

Shri N. Sreekantan Nair (Quilon *cum* Mavelikkara): I beg to move:

In page 2, line 5, at the end, add:

'And the following proviso shall be added, namely:—

"Provided that no foreign power or organisation will have the right to nominate the Director."'

Shri T. K. Chaudhuri: I beg to move:

In page 2, line 7, after "inserted" add:

'And for the words "two full consecutive terms" the words "one full term" shall be substituted'.

Shri N. Sreekantan Nair: I feel it is a very important matter which should deserve some more attention and some more scrutiny by Members of this House. The amendment put forward by Government to the original Act is intended to bring in some authority other than the Government to nominate the Directors. Up to now, only the Government is authorised to nominate the Directors. Now, the Government wants that authority to be extended to somebody else. I do not know who that authority is or will be. In view of the fact that we are now negotiating a loan with the International Bank, and in view of the fact that great haste has been shown in this House to get this Bill passed, and in view of the fact that there have been allegations of some sort of intervention or control by American Imperialism over some of the Members of the Treasury Benches, we feel that there is something undesirable behind this amendment. It has been shown in this House that the position of the International Bank is such as to bring about the maximum pressure and influence of America. It has been pointed out that America enjoys more than 32 per cent. of the total votes and that American influence predominates. The voting arrangements are such as to render.........

Shri M. C. Shah: Shall I intervene? I think there is some misapprehension. There are three Directors nominated by the Central Government and two Directors nominated by the Central Board of the Reserve Bank. Then there is the term of office and retirement. The Directors nominated by the Government shall hold office during the pleasure of the Central Government.

Shri N. Sreekantan Nair: I have no objection to giving the right or the power to the Reserve Bank. But, I fear, because of the negotiations and because of the conditions which are generally imposed by the International Bank, I fear that there may be......

Mr. Deputy-Speaker: The hon. Member is seeing a ghost where none exists.

Shri N. Sreekantan Nair: It is to provide against ghosts, Sir.

Mr. Deputy-Speaker: The hon. Minister has said that the person who removes the nominated members shall not be the "Central Government" but the "appointing authority". That is the difference.

I do not think the hon. Member presses his amendment.

Shri N. Sreekantan Nair: I have not finished my speech, Sir. Anyhow, this is a very important point on which much has been said. This has been pointed out by my friend Shri T. K. Chaudhuri and others. I want to make it clear that American loans are not granted to other countries without a string behind. When loans are granted by the World International Bank, the American Government takes very careful steps to see that such loans are given only to such countries as do conform to their ideas and conceptions. The policy-making of the Bank has, in fact, been in the hands of the Board of its Executive Directors and not in the hands of the Board of Governors. So the Executive Directors presided over by a nominee of the U.S.A. control these loans. As has been pointed out, England, America and France own about 52 per cent. of the votes.

Mr. Deputy-Speaker: Are we going here into the general composition of the World Bank? If we go on abusing the person who lends money to us, nobody would hereafter lend us any money. It has been pointed out sufficiently to my knowledge that nowadays along with borrowing strings are attached and we should therefore be careful. It is no use harping again and again on a particular country. If we do that, no country on earth will hereafter lend us any money.

Shri N. Sreekantan Nair: I only wanted to show that we ourselves have put in several million dollars in this Bank and if we had that large sum in our hands. (*Interruption*)

Mr. Deputy-Speaker: I want to point out that constructive criticism can be made, but the same sort of thing ought not to be repeated *ad nauseam*. The U.S.A. has again and again been referred to but not only America but other countries are also concerned. So, there is no good going into the composition of the International Bank. Is this the Industrial Finance Corporation (Amendment) Bill that we are considering, or an International Bank (Amendment) Bill?

Shri N. Sreekantan Nair: This is no doubt the Industrial Finance Corporation (Amendment) Bill, but it has come up because a loan has been sought to be taken from the International Bank.

Mr. Deputy-Speaker: But you cannot for all time go on repeating the same thing. Enough has been said already in regard to care being taken in borrowing money from this Bank.

Shri N. Sreekantan Nair: I only wanted to point out that unfortunately the Congress Government is not looking to the national interests of our country and I fear that the interests of our country may be endangered. If they are endangered, then I think you will agree with me when I want to give a warning to the Treasury benches that when a real people's Government comes into power and when these people are thrown out, these agreements will not be binding on us, especially if the present Government enters into wrong agreements.

Mr. Deputy-Speaker: Is the hon. Member sure that the coming Governments will honour their own contracts?

Shri Tyagi: I am rather surprised at what has been said by my hon. friend. I am sorry for the Anglo-American conspirators, or whatever they are called. It has really surprised me because my hon. friends are so intimate with that conspiracy that they invariably bring in the Anglo-American friendship of theirs into the discussions. They seem to be enamoured of it. Anyway, there is no question here of any Anglo-American conspiracy. The amendment is a simple one. The Reserve Bank has the right to nominate two representatives, but according to the present Act, it has not got the right to withdraw them. As far as the Government representatives are concerned Government are authorised to withdraw them if and when they so choose. They hold office only during the pleasure of Government. Now, about these two representatives who have been nominated by the Reserve Bank we are merely seeking the power to enable the Reserve Bank to change its representatives if ever it so chooses. So, in the statute itself we want to incorporate the power in order to enable the Reserve Bank to withdraw them if they want to. That is the simple issue here. There is no Anglo-American question involved here.

As far as the loans are concerned, we are not having them from America but from a bank which is our own and in which we are a partner.

Shri N. Sreekantan Nair: I want to make one point clear.

Mr. Deputy-Speaker: He has already said enough about this. He cannot speak now.

Shri **Nambiar** (Mayuram): On a point of explanation, Sir.

Mr. Deputy-Speaker: No explanation is necessary.

The question is:

In page 2, line 5, at the end, add:

> 'And the following proviso shall be added, namely:—
>
> "Provided that no foreign power or organisation will have the right to nominate the Directors.'"

The motion was negatived.

Mr. Deputy-Speaker: The hon. Member, Mr. Sreekantan Nair may say "Aye" in a very loud voice as he did just now, but I am not to be guided

[Mr. Deputy-Speaker]

by one hon. Member saying "Aye" at the top of his voice. I have to go by "voices"—it is a plural.

Shri Tyagi: And also by numbers, not by volume.

Shri T. K. Chaudhuri: There is some confusion, Sir. I find that the Notice Office has effected some changes. As a matter of fact, I wanted to add a new proviso.

1 P.M.

Mr. Deputy-Speaker: Let me first find out. How can the office make any changes?

Shri T. K. Chaudhuri: Anyway, I would like to express my ideas. It is a small thing, but somehow a discrepancy has arisen.

Mr. Deputy-Speaker: The hon. Member will continue after Lunch.

The House then adjourned for Lunch till Half Past Two of the Clock.

The House re-assembled after Lunch at Half Past Two of the Clock.

[MR DEPUTY-SPEAKER *in the Chair*]

Shri T. K. Chaudhuri: Sir, I find that certain discrepancies have entered into the printed list. In view of that I do not propose pressing my amendment.

Mr. Deputy-Speaker: What is the correct form of the amendment?

Shri T. K. Chaudhuri: I wanted it to be a new clause. Anyway, I do not want to press it

Mr. Deputy-Speaker: The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was aded to the Bill.

Clause 5 was added to the Bill.

Clause 6.—(*Substitution of new section etc.*)

Mr. Deputy-Speaker: There is an amendment standing in the name of Mr. Arun Chandra Guha.

Pandit Thakur Das Bhargava: With your permission, Sir, I shall move it on behalf of Mr Guha.

Mr. Deputy-Speaker: It is only in the case of Ministers that one Minister can officiate for another. The rules allow it. So far as private Members are concerned. I am afraid one hon. Member cannot authorise another to move an amendment on his behalf. He must be here. Mr. Guha came to me and told me that he has got a sore throat and that he is not in a position to move his amendment. If he had at least been present here, I would have allowed another hon. Member to move the amendment on his behalf. In this case I do not want to create any precedent.

Shri Tyagi: Sir, Mr. Guha discussed this amendment with us and we were inclined to accept it. The Chair may authorise some other Member to move this amendment and we shall accept it.

Mr. Deputy-Speaker: I shall make a compromise. I do not want to break the rule and allow an exception in favour of any hon. Member by permitting him to move an amendment on behalf of another hon. Member. But I can waive notice and treat this as a fresh amendment, provided it is acceptable to Government The amendment of Mr. Guha may be moved as though notice of it was given by the hon. Member, Pandit Bhargava.

Pandit Thakur Das Bhargava: I beg to move:

In page 2, for lines 34 to 36, substitute:

"(b) is absent without leave of the Board from more than three consecutive meetings of the Board without excuse sufficient in the opinion of the Board to exonerate the absence."

Shri Tyagi: We accept it.

Shri K. K. Basu: I beg to move:

In page 2, for lines 27 to 30, substitute:

"Provided that before taking decision hereunder the Central Government shall consult the Board."

Shri T. K. Chaudhuri: I beg to move:

(i) In page 2, line 24, after "Managing Director" insert "or Deputy Managing Director".

(ii) In page 2, omit lines 27 to 30.

(iii) In page 2 lines 34 and 35, omit "without excuse sufficient in the opinion of the Board to exonerate it".

Shri K. K. Basu: I want to emphasise the fact that since the Managing Director is appointed by the Central Government, it should have the full and sole authority to discharge him. But the present proviso to the amended section 13 requires "two-thirds of the Directors present and voting" should recommend to the Central Government that the Managing Director should be removed. I am willing to concede that the Directorate has such a voice in all the industrial concerns. But since the appointing authority in this case is the Central Government it should be left solely to the Central Government to discharge him, if necessary. With that idea in view I have put in my amendment in substitution of the proviso to section 13 of the parent Act. That is all I have to say. But I don't know whether I have been able to catch the attention of either of the Ministers.

Mr. Deputy-Speaker: Hon. Members need not worry. They are all hearing. It is not a class room where a boy ought to say ten times. It is unnecessary.

An. Hon. Member: They have got long ears.

Shri T. K. Chaudhuri: I only want to ensure that the same rule should operate for the removal from office of the Managing Director as also the Deputy Managing Director. The amending Bill provides that the Central Government may at any time remove the Managing Director. My amendment brings in the Deputy Managing Director also under the purview of this rule. I think there should be no discrimination between the managing Director and the Deputy Managing Director in this respect. I think this is a very modest amendment and the Government may see their way to accept it.

Shri M. C. Shah: The Deputy Managing Director is appointed by the Board and can be removed by a simple majority vote whenever the Board desires him to be removed. That is why we have not added the Deputy Managing Director here. Under the original Act there is no power to remove the Managing Director, and so we have taken powers that he can be removed provided there is a two-thirds majority vote and the Board of Directors ask for his removal.

Shri K. K. Basu: What about the proviso?

Shri M. C. Shah: In all statutory bodies there is a provision that the principal executive officer is to be removed by a two-thirds majority decision, and he can be removed with the approval of the Government. That is there is all statutory bodies. We have made that provision here.

Shri S. S. More: May I seek some clarification? Suppose Government is keen on removing the officer for some reason. Do you mean to suggest that Government's power of removing him should be restricted by that proviso of two-thirds majority vote?

Shri M. C. Shah: I think it ought to be so.

Shri S. S. More: In some of the Acts having such a provision regarding the chief officer or engineer, if the Board or the local authority wants to remove the officer then there has to be a two-thirds majority vote. But the Government are not restricted by any such cramping provisions. Government have superior rights.

Shri M. C. Shah: In all statutory bodies this is the provision, namely a two-thirds majority vote.

Shri S. S. More: He says that it is so in all statutory bodies. I refer him to the legislation of local bodies.

Pandit Thakur Das Bhargava: There is very good reason why this provision should persist. This Corporation is almost an independent body, and so are many other corporations. It should not be at the sweet will of Government to remove the Managing Director. There must be a two-thirds majority vote. If the entire Board wants him it should not be possible for Government to remove him at their sweet will. The Board's policy should be allowed to continue. It is in the interests of the Corporation that Government should not be armed with such powers. If it is made conditional on a two-thirds majority decision the Government will not be able to remove the officer at their sweet will.

Mr. Deputy-Speaker: But is not this Managing Director an officer appointed by the Government?

Pandit Thakur Das Bhargava: All officers are not removable at the sweet will of the Government.

Mr. Deputy-Speaker: Even now, whether there is a two-thirds majority vote or not. I take it that Government can remove him.

Pandit Thakur Das Bhargava: They cannot.

Shri Tyagi: The Managing Director is here—in the Official Gallery—and I asked him what the position is. He advises me, "For four years nobody can remove me". He wants his removal possible. According to the present law there is a lacuna; there is no mention of the manner in which he can be removed. He wants to make himself removable.

Shri T. K. Chaudhuri: The removal clause is already there under article 311 of the Constitution provided you apply it. If the Government is the appointing authority it is quite competent to remove him.

Mr. Deputy-Speaker: This is how I understand it, subject to what the Government might say. They want to have two strings. That is, the Government can always remove him. Whichever authority appoints him may remove him. In the previous section we have substituted the words "appointing authority" for "Central Government". So whoever is the appointing authority can always remove him. In addition they want to have a provision which ties down the hands of the Central Government by a two-thirds majority decision of the Board.

Pandit Thakur Das Bhargava: According to law they cannot remove any person from office unless and until certain conditions are fulfilled. They want to change it to this that the Government can remove him with the concurrence of the Board by a two-thirds majority vote. But they cannot remove him at their sweet will, because it is an independent body.

Mr. Deputy-Speaker How is it an independent body even with respect to the removal?

Pandit Thakur Das Bhargava: He cannot be removed. under the law, unless under certain conditions for example lunacy etc. They want more authority, that they can remove him with a two-thirds majority vote.

Mr. Deputy-Speaker: They can always remove him. at present. What the amendment seeks to do is that it restricts the powers of the Government to remove him. It imposes certain conditions for the removal, that is, only if a two-thirds majority resolution is passed. The question is simple, namely whether we want the Central Government to have unrestricted power or we would like that the Central Government also ought to be prevented from exercising its right from time to time.

Shri Tyagi: I would like to have guidance from you, Sir. It is not a question of policy so far as I am concerned. I shall be guided by the wishes of the House and your guidance in the matter. According to section 9 of the present Act, which is going to be amended, it is mentioned that the Managing Director shall be a whole-time officer of the Corporation, shall perform such duties as the Board may by regulation entrust or delegate to him and "(c) shall hold office for four years and be eligible for reappointment". That is how the difficulty arose. I, as a layman, thought, and I am still of the view, that the provision "shall hold office for four years" would tie down our hands.

Mr. Deputy-Speaker: Is there no provision for the removal of the Managing Director?

Shri Tyagi: That is the difficulty, Sir.

Shri M. C. Shah: Under section 9 the Managing Director will be appointed by Government as mentioned therein and it then says "he shall hold office for four years". That was the lacuna. In order to remove it this has been inserted. And I think this is the right thing that ought to be done.

Pandit Thakur Das Bhargava: Sir, if you see the note on clause 6 the whole thing will be clear.

Shri N. Somana (Coorg): Section 13 reads as follows:

> "A person shall cease to be a Director if he absents himself from three consecutive meetings of the Board without leave of absence".

Now, the present section does not affect the Managing Director at all so far as his absence is concerned.

Mr. Deputy-Speaker: Assuming there is no power now.........

An Hon. Member: No.

Mr. Deputy-Speaker:....and the General Clauses Act does not apply. Once the appointing authority has got the right to remove, we will assume there is no such power at all and to provide for that lacuna this is brought. The simple point is whether Government should have absolute discretion to remove or its discretion should be restricted or qualified by the need of having a majority view.

Shri S. S. More: If this clause is allowed to be passed as it is before us, then a glaring anomaly will result. Under clause 5, the whole of the Board can be superseded by Government for certain reasons mentioned in that particular clause. There is no restriction on Government's power. When Government is out to supersede the whole Board what will happen to the Managing Director by the proviso to the clause under discussion? The Managing Director happens to be one of the members of the Board. What will happen? This proviso, if passed, will keep The Managing Director alive when the rest of the Directors go to the supersession of the Board.

Mr. Deputy-Speaker: That is a more perfect remedy than removing a single Managing Director.

Shri S. S. More: We have locked up such a large capital. We are giving guarantees. Supposing the Managing Director, for some reason, is not fulfilling his mission according to the wishes of the Government as he is the Chief of the Executive Authority. Supposing that officer is not to the standard of Government and Government, in the public interest, wants that he should be removed. What will happen if this person is made ir-removable without two-third majority? A sort of pulling of strings will take place with the result that two-thirds majority will not be there. Government will be helpless. Government's hands will be tied down by this particular proviso.

Mr. Deputy-Speaker: Supposing a Minister wants his own man to be appointed and therefore wants to remove him. What will happen?

Shri S. S. More: We can censure him here. Supposing a particular Minister is out for a particular purpose in order to use his own interest. He is open to censure. We can take up that matter by a Short Notice Question.

Mr. Deputy-Speaker: The Government must consider whether they are going to accept this or think it is more advisable......

Shri S. S. More: Let them consider.

Mr. Deputy-Speaker: Let this clause be passed over and Government may consider this matter.

Shri Tyagi: Of course, my anxiety was only to keep the Government well vested with powers and since the Managing Director was appointed after receiving a recommendation from the Board of Directors, we thought in his removal they could have their voice. Otherwise, still according to the amendment proposed, the removal was vested in the hands of the Government.

Mr. Deputy-Speaker: It will be restricted. They cannot exercise that power.

Pandit Thakur Das Bhargava: Even now, the temporary Managing Director will be appointed with the consultation of the Board.

Mr. Deputy-Speaker: This is a majority vote. It is not in consultation with them that he has to be removed. Is it the desire of the Minister.........

Shri Tyagi: I am inclined to accept the amendment.

Dr. M. M. Das (Burdwan—Reserved—Sch. Castes): I have got an amendment for omission of lines 27 to 30 in page 2.

Mr. Deputy-Speaker: An amendment to that effect has already been moved by Shri T. K. Chaudhuri.

The question is:

In page 2, omit lines 27 to 30.

The motion was adopted.

Mr. Deputy-Speaker: In view of omission of lines 27 to 30 Shri K. K. Basu's amendment need not be put to the House.

Now, Shri A. C. Guha's amendment is going to be accepted—that is, as moved by Pandit Thakurdas Bhargava.

Shri S. C. Samanta (Tamluk): It is not a substantial amendment. I find the words "of the Board" have been repeated thrice. I think it will be good if the words "of the Board" occuring for the first time are deleted.

Mr. Deputy-Speaker: If he goes without leave, at least there must be sufficient excuse. If he is removed notwithstanding the execuse, the Board has no right to exonerate. The hon. Minister will kindly reconsider. He accepted this amendment. The amendment moved by Pandit Thakur Das Bhargava shows that both the Government and the Opposition are sailing together.

The question is:

In page 2, for lines 34 to 36, substitute:

> "(b) is absent without leave of the Board from more than three consecutive meetings of the Board without excuse sufficient in the opinion of the Board to exonerate the absence".

The motion was adopted.

Mr. Deputy-Speaker: Fortunately this is an amendment where we have unanimity of opinion.

I suppose I need not put the other amendments.

[Mr. Deputy-Speaker]

The question is:

"That clause 6 as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7.—(*Insertion of new section 13A etc.*)

Dr. M. M. Das: I beg to move:

In page 2, lines 43 and 44, omit "after consideration of the recommendation of the Board".

Clause 7 of the Bill, which my amendment seeks to amend says that if a Managing Director absents himself from office due to illness, accident or some other reasons, then, the Central Government will have the right and authority to appoint another person to act as the Managing Director for the time being, but that before making such temporary appointments, the Government must consider the recommendation of the Board regarding this matter. It is the same as the former amendment. My amendment proposes to give the Government exclusive authority of appointing a temporary Managing Director and the Board will have nothing to do in this matter.

Mr. Deputy-Speaker: Consultation of the Board is to be removed.

Dr. M. M. Das: Yes, Sir.

Mr. Deputy-Speaker: Even for a casual vacancy?

Dr. M. M. Das: I want that the Central Government should have the exclusive authority.

Mr. Deputy-Speaker: The amendment is that that portion may be omitted: "after consideration of the recommendation of the Board." That is, casual vacancies will be filled without consulting the Board. That is the effect.

Dr. M. M. Das: Yes, Sir.

Shri M. C. Shah: I do not accept the amendment.

Mr. Deputy-Speaker: The question is:

In page 2, lines 43 and 44, omit "after consideration of the recommendation of the Board".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8.—(*Amendment of section 14 etc.*)

Mr. Deputy-Speaker: Dr. M. M. Das's amendment to omit clause 8 is out of order. No other amendment is moved.

The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9 was added to the Bill.

Clause 10.—(*Amendment of section 19 etc.*)

Mr. Deputy-Speaker: Mr. T. K. Chaudhuri's amendment to omit clause 10. It is, again, out of order.

Shri K. K. Basu: I beg to move:

In page 3, line 10 after "State Co-operative Bank" insert "and with the consent of the Central Bank".

Formerly, the restriction was that they could only invest with the Imperial Bank or the Reserve Bank. Now, they want to extend the scope of their deposits or investments to scheduled banks and State co-operative banks. We know from the constitution of the Industrial Finance Corporation that scheduled banks and co-operative banks are themselves shareholders in this institution. As we have seen from the experience of four years' working of this institution, these bankers or......

An Hon. Member: They can.

Shri K. K. Basu: ......their representatives wield great influence over the working of this Corporation. If we want to extend the right to invest their money in these scheduled banks or co-operative banks, there is a likelihood of further misuse of their power in investing in these private banks. We often know that private banks go into liquidation. The Reserve Bank cannot intervene till liquidation proceedings begin, unless, of course, there is a new amendment to the Banking Companies Act. Therefore, we feel.. .

Mr. Deputy-Speaker: This is in consultation with the Reserve Bank. The hon. Member wants consultation with the Central Bank.

Shri K. K. Basu: I want that they must obtain the consent of the Central Government.

Mr. Deputy-Speaker: It is not here.

Shri K. K. Basu: I want to add that.

Mr. Deputy-Speaker: This is a substantial modification of the amendment. The amendment is one thing; the hon. Member wants to move another thing.

Shri K. K. Basu: By the amendment, they want to extend the scope of the section. I want to put a restriction on that. Formerly, the position was that they could only invest in the Imperial Bank or the Reserve Bank. Now, they want to go further and have their money deposited in private banks and private corporations. In view of the fact that they hold a predominating position in the working of the institution, I want to put this restriction. In addition to consultation with the Reserve Bank, the consent of the Central Government must be obtained before such deposits are made in private banks.

Mr. Deputy-Speaker: I thought hon. Members were anxious that a larger sum of money should be made available for agricultural credit and co-operative movement. Particularly, this is for co-operative societies.

Shri M. C. Shah: I think, there is a misapprehension. As a matter of fact, today, if the Industrial Finance Corporation have two or three crores—in fact, we have five crores of rupees capital and 5·8 crores in bonds—we cannot give away all the moneys. We have more money. That is surplus. We can either purchase Government securities or deposit them in the Reserve Bank of India where we get very little interest. As a matter of fact, this is better for the financial strength of the Industrial Finance Corporation. We do not lose any interest. We get more interest. There too we have provided with the consent of the Reserve Bank. It is rather in the interests of the Industrial Finance Corporation that this has been provided for. I do not understand what objection there can be.

Mr. Deputy-Speaker: The hon. Member wants to add Central Government. After all, the Central Government will also consult the Reserve Bank. The Reserve Bank is the Government's official adviser so far as financial matters are concerned.

Shri K. K. Basu: That is true. This will be a second check. We have known during the last few years the working of private banking organisations and how many of them went into liquidation in the last five years. The Industrial Finance Corporation's money may be there and one fine morning, we will get notice that the bank is wound up. We will lose.

Shri M. C. Shah: Therefore we have provided, "in consultation with the Reserve Bank". The Reserve Bank knows the position of all the scheduled banks.

Shri Tyagi: Much better than the Government.

Shri K. K. Basu: In spite of the Reserve Bank, we have seen how many private banks have gone into liquidation: even scheduled banks. We want a further check.

Mr. Deputy-Speaker: I will put the amendment to the House. Originally, the amendment is, "...with the consent of the Central Bank."

Shri K. K. Basu: It must be a misprint. It should be "Central Government".

Mr. Deputy-Speaker: The question is:

> In page 3, line 10, after "State Co-operative Bank" insert "and with the consent of the Central Government".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

> "That clause 10 stand part of the Bill.

The motion was adopted.

Clause 10 was added to the Bill.

Clause 11 was added to the Bill.

Clause 12.—(*Amendment of section 23 etc.*)

Shri K. K. Basu: I beg to move:

> In page 3, omit lines 32 to 38.

Shri Sivamurthi Swami: I beg to move:

> In page 3, line 34, for "the International Bank" substitute "any other bank".

Mr. Deputy-Speaker: It is widening the scope; we are taking objection even to the International Bank.

Shri K. K. Basu: I beg to move:

In page 3, after line 40, add:

"(iii) after sub-section (2), the following new sub-section shall be added, namely:—

'(3) No accommodation shall be given to the Director or his nominees or to any concern with which he or his relation or nominees are connected.' "

Mr. Deputy-Speaker: Amendments moved:

(1) In page 3, omit lines 32 to 38.

(2) In page 3, line 34, for "the International Bank" substitute "any other bank".

(3) In page 3, after line 40, add:

"(iii) after sub-section (2), the following new sub-section shall be added, namely:—

'(3) No accommodation shall be given to the Director or his nominees or to any concern with which he or his relation or nominees are connected.' ".

Shri K. K. Basu: Under the proposed amendment this institution is being authorised to act as "agent for the Central Government or, with its approval, for the International Bank for Reconstruction and Development in the transaction of any business with an industrial concern in respect of loans or advances granted or debentures subscribed by either of them". I oppose the grant of this power under the new sub-section because I think this Industrial Finance Corporation has acted in a way which does not warrant that they should be given more power because of the fact that the present amending legislation has been brought forward mainly with the purpose of fulfilling certain contracts we have given because of the loan we propose to get from the International Bank for Reconstruction.

Shri Velayudhan (Quilon cum Mavelikkara—Reserved—Sch. Castes): You do not want the loan? I do not follow.

Shri K. K. Basu: Just hear, and you will understand what I want. Before we discuss whether the loan should be taken or not, we feel this banking organisation or this Finance Corporation was established in our country with a specific purpose. We feel in an industrially backward country like ours, this Industrial Finance Corporation has a role to play so long as there remains a private sector of enterprise. But we must also be conscious of what should really be the purpose of the Finance Corporation and what function it should perform in the industrialisation of our country. In the last four or five days, we have critised the way loans have been granted. I shall not name individuals, whether a particular group has got a larger share and the other has not. That has been amply dealt with in the last few days. If you can whatever meagre figures the Government has chosen to give us and the classifications of the loans industry-wise, you will see how the loans have been distributed. We all realise and we all know in our country that, backward as we are in industry, we should have such industries which would make our country industrially self-sufficient. If you scan through the list, you will find large sums of money have been spent on the cotton textile industry and the sugar industry. We know the cotton textile industry is more or less an established industry, and it might have gone through vicissitudes of economic depression or as we say, economic improvement or good economic market that we had during the war, but we do not know why so much money, more than Rs. two crores, has been granted to the cotton textile industry whereas there is no attempt made to develop other basic industries. There is another Rs. 64 lakhs for textile machinery. Of course, I do not know whether it includes the cotton textiles or any other textile machinery, or that money has been given for those industries who propose to manufacture textile machinery. That has not been made clear. I do not know whether the Government wishes to give us that information.

Then, another sum of nearly Rs. 115 lakhs has been spent on the sugar industry.

Mr. Deputy-Speaker: Let us not go into that matter.

Shri Velayudhan: I have not understood. He said I would understand as he proceeded.

Mr. Deputy-Speaker: Hon. Members should bear in mind that there is no purpose in repeating what has been said. All this has been thrashed out in the last three or four days. There should be only general discussion on the scope of the amendment, whether such powers ought to be given or not. If there is any alternative suggestion, it should be given. I do not think I will allow any repetition of this kind taking away the time of the House without enlightening the House. If there is any fresh point, the hon. Member may state it.

Shri K. K. Basu: I only wanted to criticise......

Mr. Deputy-Speaker: Every day it can be criticised. It has been criticised for four days. The same arguments which have been advanced at an earlier stage ought not to be repeated whether by the same Member or by any other Members in this House. There is no purpose in repeating these arguments.

Shri K. K. Basu: As you say so Sir, I will not deal at length with this aspect, but I feel that even the criticism that was made did not draw attention to this aspect of the problem, *viz.*, how the loans have been distributed industry-wise.

Mr. Deputy-Speaker: All this has been done. It has been analysed industry-wise, region-wise, and in the Industry itself man-wise.

Shri K. K. Basu: We feel the money has not been properly utilised and in that way, the Industrial Corporation has failed to perform the duties which it was called upon to do. Now, we want to enlarge the scope of its activities and allow it to work as the agent of the Central Government. If you go through the report, you will find that they have often said that the Government departments have helped them to ascertain the efficacy or the benefit of particular schemes, or they have been advised by the Textile Advisory Board of the Bombay Government or industrialists. I do not know what special qualifications or special cadre they have got by which they will be in a position to help the Government or any other body better than the Government themselves through their own agencies. Therefore, we feel that this power extended under this legislation that they might work as agents of the Central Government in view of the fact that they are negotiating a loan from the International Bank, would be to the detriment of our interest. We see the possibility in the present enactment of these people working as an agent of an international organisation, and we really doubt if it would help the development of industry or improve our national wealth.

Much has been said about loans granted to the industrialists connected with this organisation. The hon. Minister of Revenue and Expenditure was kind enough to disclose at least two names wherein the Chairman of the Industrial Corporation was the Managing Director. That same statement was challenged not by the Members of the Opposition, but even by Members of the...........

Mr. Deputy-Speaker: I have only to ask the hon. Member to resume his seat if he goes on like this. There is no meaning in repeating the same thing. Hon. Members know it thoroughly.

Shri K. K. Basu: I want to expatiate on my point in support of the amendment. I have to say something.

Mr. Deputy-Speaker: Not that I want any hon. Member not to speak, but if he has nothing more to say except what has been said again and again, hon. Member will kindly consider if he need not resume his seat.

Shri K. K. Basu: I have something to say.........

Mr. Deputy-Speaker: All that has been already said. That is what I am finding. There is no purpose in carrying on like this. Enough time have been given. If there are new points, certainly the House will listen. If there is a point on which sufficient emphasis has not been laid, by all means, the hon. Member may lay emphasis. To repeat once again what has been said at an earlier stage merely because an opportunity has been given to an hon. Member will be, I think, going over the same ground.

Shri K. K. Basu: If you will listen, in a minute I shall be able to convince you that what I have said was not at all irrelevant.

Mr. Deputy-Speaker: It is one thing to say that it is not relevant, and another to say that it is repetition. It is relevant, but all this has been said at an earlier stage, not by one speaker, but by a number of speakers.

Shri K. K. Basu: Some repetition is often necessary to explain a point.

Mr. Deputy-Speaker: If the hon. Member has nothing more to say, I will request him to resume his seat.

Shri K. K. Basu: I submit to your ruling. I hope hon. Members will

[Shri K. K. Basu]

remember what has been stated about the working of this Corporation, as also on the granting of loans. The Company Law Inquiry Committee has specifically stated that section 91 of the Company Law Act, which defines the duties of the directors, should contain some restrictions, they want to put in some restrictions in regard to the granting of loan or any other contract wherein the directors themselves are interested. They suggest that the mere absence of a director or his not voting will not be enough and that the interests of those directors should be notified a few days in advance, so that the other directors may have full knowledge of it. They further suggest that the interests of these directors with whom the contracts were entered into or to whom the loans have been granted, should be specifically mentioned year in and year out, and not merely at the time they were granted. I do hope that the Government is going to accept the recommendation of the Company Law Inquiry Committee, of which I am told the hon. Deputy Minister himself was a member. If that is so in the case of the Company Law Act, I do not understand why when the Industrial Finance Corporation (Amendment) Bill has been brought in, steps were not taken to see that certain restrictions were put in, as to the right of the directors, when they want to give loans on their behalf or on behalf of the organisation or institution with which they are connected. We know fully well that the Industrial Finance Corporation must be considered at a different level from that of the private corporation or ordinary company. When the Company Law Inquiry Committee, to which a large number of business people were invited to give evidence, after considered deliberation, have suggested such an amendment to the Company Law Act, to protect the interests of the ordinary shareholders and others concerned, I do not understand why the Government have not incorporated such a provision in this Bill which deals with the Industrial Finance Corporation, of which the shareholders are mainly the people of India, and the main idea being that the Corporation should develop our national wealth. Therefore, I do not understand why similar restrictions should not be put in here when people have no confidence in the working of the Industrial Finance Corporation as it stands now. I shall not deal at length with the point further, for, it might be considered repetition. But I would only say that it is with this end in view, that I have put in my amendment.

I do not want to repeat what has been said, but I hope hon. Members will remember the allegation that has been made either against individuals or against the working of the Corporation, and will see the necessity for this new sub-section. It is absolutely necessary in the interests of the future working of the Industrial Finance Corporation, and also in the interests of the common people, and the taxpayers who go to find out the main sources of capital for the Corporation, that the funds are properly utilised for the improvement of our national industry and wealth.

श्री विभूति स्वामी : मैं सिर्फ दो ही उद्देश्य हाउस के सामने रखना चाहता हूं। जब हम विदेश से अपने मुल्क की सनअत को बढ़ाने के लिये पैसे लेते हैं तो उस का उपयोग भी ठीक तरह से होना चाहिये। हमें रिपोर्ट से यहां मालूम होता है कि जो यहां की इंडस्ट्रीज हैं उनके लिये बहुत कम खर्च किया गया है। लिहाजा हम जो भी पैसा लाते हैं उस का ज्यादा से ज्यादा हिस्सा बजाय कनज्यूमर्स गुड्स (Consumer's goods) बनाने में लगाने के, की इंडस्ट्रीज में लगाने की तरफ हमारे [illegible] का ध्यान होना चाहिये। अगर ऐसा होगा तो ठीक होगा।

दूसरी बात मैं यह कहना चाहता हूं कि कहीं हमारी यह मनोवृत्ति तो न हो जाय कि हम हमेशा हर बात के लिये विदेशी सहायता पर ही निर्भर करते रहें। यहां पर जो सनअत है उस से जो सरप्लस (Surplus) माल पैदा होता है उस के जरिये अगर इंडस्ट्री को तरक्क़ी देने की बात सोची जाय तो ज्यादा मुनासिब होगा।

लिहाजा मैं ज्यादा न कहते हुये सिर्फ इतना ही कहना चाहता हूं कि जो पैसा बाहर से मुल्क में लाया जाता है उस का ज्यादा से ज्यादा उपयोग की इंडस्ट्रीज

(key Industries) के लिये किया जाय और किसी कन्ज़्यूमर इंडस्ट्री के लिये या किसी ऐसी इंडस्ट्री के लिये जो कि मुल्क के लिये ज्यादा बेहतर न हो उस पैसे को न लगाया जाय । मैं इतना ही कहना चाहता हूं ।

Shri M. C. Shah: I have already explained in my reply yesterday, why this amendment cannot be accepted. Section 23 of the parent Act explains the scope of the business which the Corporation may transact. It contains sub-sections (a), (b), (c), (d), etc. Now we want to add one more sub-section, to enable the Corporation to act as an agent of the International Bank for Reconstruction and Development, if they propose to give loans direct to some private or public corporations or companies. We have got the special expert organisation with us. We could help them. At the same time, we can just have some commission also for acting as the agent of the International Bank for Reconstruction and Development. As a matter of fact, as I stated clearly yesterday, we want to have as much money as possible for the private sector for its development, from the International Bank. If some private companies can persuade the International Bank to loan them some money, and if the International Bank wants us to act as their agent, we are prepared to do so. The scope of the business which the Corporation can transact is expanded by means of this provision. So there is no scope for the amendment just moved by my hon. friend Mr. Basu, and I think that whatever the Government has done is quite proper in the interests of the Industrial Finance Corporation and the economy of the country.

Mr. Deputy-Speaker: The question is:

In page 3, omit lines 32 to 38.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 3, after line 40, add:

> "(iii) after sub-section (2), the following new sub-section shall be added, namely:—
>
> '(3) No accommodation shall be given to the Director or his nominees or to any concern with which he or his relation or nominees are connected.'"

The motion was negatived.

Shri Sivamurthi Swami: I beg leave of the House to withdraw my amendment.

The amendment was, by leave, withdrawn.

Mr. Deputy-Speaker: The question is:

"That clause 12 stand part of the Bill."

The motion was adopted.

Clause 12 was added to the Bill.

Clause 13.— (*Amendment of section 24 etc.*)

Shri K. K. Basu: I beg to move:

In page 4, omit lines 4 to 8.

By clause 13, the Government want to amend the original section 24 of the principal Act, so as to extend the limit of the loan to be granted, to one crore of rupees, with the proviso that if the loans etc. are guaranteed by the Central Government, that limit will not apply, and that any amount may be granted. We do not see the need for this proviso, and in fact no data have been placed before the House by which we can judge the necessity of such a proviso in the amending legislation. Under the parent Act, the limit was Rs. 50 lakhs. Now it is sought to be extended to Rs. one crore. We have to consider whether such a proviso will be misused or not. Moreover, when the Government undertakes or guarantees the loan, even that limit is not to be there. If the facts were present before the House, we might be in a position to judge better the need for such a proviso. We feel, that the funds of our nation, which are not very generous as yet, should not be allowed to be used in such a way. We feel that one crore itself is much too wide a limit and there should not be any further extension. When we are going to have industries of our own, industries to be financed and established by the Government, we do not understand why in the private sector there should be such an industry which will need capital of more than one crore of rupees that has to be guaranteed by the Government.

Therefore, I request the hon. Ministers to consider whether in view of

[Shri K. K. Basu]

the fact that the Finance Corporation has worked only for four years—about which there is differenee of opinion: I do not want to repeat those things—what the necessity is of giving such a wide power to the Corporation. Of course. the answer may be that before guaranteeing payment of such loans the Central Government will have full chance to ascertain the feasibility of such schemes. But we feel that if a loan is to be found for more than one crore, it is better it should be done on the governmental level. Government themselves may take the responsibility of considering the scheme in detail and also looking upto its working instead of leaving it to the Corporation and acting only as a guarantor. We have seen often, with the best of intentions how guarantors have suffered.

[SHRI N. C. CHATTERJEE *in the Chair*]

That has been the experience of many persons in normal life. In this Industrial Finance Corporation, the limit of loan has already been put up to one crore. There should not be any clause wherein that limit can be further extended. Our Government may be made to pay in case the loans are not repaid.

With these few words I request that my amendment be accepted and I do hope that Government would see to it that the proviso is dropped.

Mr. Chairman: Amendment moved:

In page 4, omit lines 4 to 8.

Shri M. C. Shah: This proviso was considered at great length by the Finance Minister...

Shri M. S. Gurupadaswamy: May I speak a few words, Sir.

Mr. Chairman: The hon. Minister has started

Shri M. C. Shah: Here, we do not want the Industrial Finance Corporation to advance loans of more than a crore, but there may be certain cases when the Industrial Finance Corporation may be in a position to advance more than a crore which is absolutely needed by an industry. Then we have made a provision that the Government guarantees that loan and when the Government guarantees that loan, there is absolute certainty that that business will be very minutely scrutinised by them. The advice of the Reserve Bank will be taken, and when it has been considered and concluded that that industry ought to be helped by such a big advance, then and then only this advance can be made. That is the only purpose. We have already given powers up to a crore of rupees, but it may be, as I explained in my reply, that there may be certain industries, for example, the shipbuilding industry, which may want a crore and a half. That accommodation cannot be granted under that section sought to be amended; the Industrial Finance Corporation can give a crore only. If there is an absolute necessity, then only it is given. As I said yesterday, the shipping industry is a key industry. They want to have more tonnage and for that purpose they may want to have a crore and a half. Or take some heavy engineering industry. There too more capital is required and more capital cannot be found. Still the scheme may be a very feasible one and in the interest of the country, I think the Industrial Finance Corporation should help that industry. That is the only purpose of having this proviso.

Dr. M. M. Das: So far as this proviso is concerned, there is no upper limit fixed. Is there any limit fixed up to which Government can guarantee or is there no limit fixed?

Shri M. C. Shah: As far as the Industrial Finance Corporation is concerned, the limit fixed is a crore. But here we might even guarantee five crores. Suppose the Industrial Finance Corporation is in a position to get 20 crores at favourable rates from the International Bank and they want to advance two crores, then that loan can be advanced only if the Government guarantees and if that scheme is scrutinised thoroughly and it is worthwhile helping that industry. Therefore, purposely we have not kept an upper limit.

Dr. M. M. Das: Am I to understand that the Government can guarantee loans to any unlimited amount?

Shri M. C. Shah: Yes. Here you have already bonds under the parent Act. We can issue bonds, if we have the paid up capital of ten crores, upto 50 crores. They are guaranteed bonds, that means, principal as well as interest. That we have already accepted.

Shri K. K. Basu: This is a loan to industries.

Shri M. C. Shah: Bonds will be issued by the Industrial Finance Corporation to give loans to the Industries and all those bonds are guaranteed by the Government—principal as well as interest. Even according to the present paid up capital the Industrial Finance Corporation can raise and issue bonds to the extent of 25 crores, and all those 25 crores bonds, the principal and interest both, are guaranteed by the Government. So here the question is that if a loan of a bigger sum than a crore is necessary and is to be given, then the Industrial Finance Corporation is not given the liberty to give it immediately, but if the Industrial Finance Corporation considers that proposal, scrutinises the scheme and comes to the conclusion that the industry should be helped in the wider interests of the country's economy, then certainly on the recommendation of the Corporation the Government of India will scrutinise that scheme and will guarantee loan and will guarantee the payment of principal and interest, and then and then only the Industrial Finance Corporation will grant that loan.

Dr. S. P. Mookerjee: May I ask a question for clarification? If it is intended that Government will have the theoretical right of standing as a guarantor to that unlimited extent, will Government consult the House before such an eventuality actually arises? That is a very important point. From the way in which the hon. Minister has just described Government's right to stand guarantee to any unlimited extent, it is obvious that the House should be consulted before final commitments are made.

Dr. M. M. Das: The question is whether this Corporation has got the right and authority to give guarantee to an unlimited extent......

Mr. Chairman: Is the hon. Minister going to deal with Dr. Mookerjee's point?

Shri M. C. Shah: The Government is not going to guarantee to an unlimited extent. We are just borrowing in a foreign currency. That we have already accepted. When the Industrial Finance Corporation borrows from the International Bank, the limit is not placed. That borrowing is guaranteed by the Government. Today we are going to have eight million dollars. I say tomorrow we may have 80 million dollars for the private sector if we can get it on very favourable terms. But the Government guarantees those borrowings. You must have faith in the Government considering all aspects. They are not going just to have a venture.

Shri K. K. Basu: It seems the hon. Minister is labouring under a real misapprehension. The International Bank is giving money to the Corporation. There is a Board wherein Government is fully represented, but under this proviso, the loan is given to a particular concern where Government may not have any say in the administration. The company may ask for a loan; that is to be guaranteed and there is no limit which is put in. It may be that five crores may be asked for by the Hindustan Ship-building Yard or any other shipbuilding company. You cannot confuse between money given to the Corporation and to the companies. In the administration of the Corporation the Government has a say, but it is to individual firms or industrial concerns that money is being granted to an unlimited extent. That power is sought to be taken under this proviso.

Shri M. C. Shah: My learned friend has overlooked the sections of the Act. Whenever the Industrial Finance Corporation lends any money, it imposes conditions. It is made very clear that the Industrial Finance Corporation can give loans only against hypothecation. I explained yesterday when reference was made to the Orissa Textiles. The Corporation granted only 50 lakhs against bonds of one crore and 52 lakhs, and that concern earned 37 lakhs last year. If there is any such concern, then certainly the Government will consider the question of accommodation. There are conditions imposed while granting the accommodation. Loans are granted only against adequate security. So I say that there is nothing wrong practically in this.

Shri B. Das (Jajpur—Keonjhar): I am sorry I am not satisfied with the explanation which my friend, Mr. Shah, has given. I did not read the proviso so carefully. My friend, Mr. Basu, has drawn attention to the fact that the Central Government is taking additional power as to the repayment of principal and interest. The original conception of this House, when we created this Industrial Finance Corporation, was to give money to the limit of 50 lakhs of rupees. The Finance Minister, whoever he may be, is subject to the control of Parliament. You are now creating a new instrument of gift to the capitalist and as you say the Government can give an aid of eight crores, or even 20 crores to a particular industry. I think the Finance Minister, whoever he may be, must exercise control over himself, must take the approval of this House before he sanctions or permits the Corporation to advance these loans. It must be carefully

[Shri B. Das].

considered and it must not be talked of so lightly. I am not satisfied with the explanation of the hon. Minister.

Shri M. C. Shah: I am sorry, I have not talked lightly as my hon. friend Mr. Das said.

Shri B. Das: He must consult this House before he gives the loans.

Shri M. C. Shah: The Finance Minister consults the Reserve Bank of India in all these deals and then there is the ultimate control of this House, as I have already explained yesterday. I have explained this in so many words and I think the hon. Members should be satisfied with that explanation. I only gave an instance. I do not mean to say that the Government is going to sanction two crores, three crores or five crores to the Industrial Finance Corporation. Everybody knows that today we are giving to the ship-building concern loan at a concessional rate of 2½ per cent. I think these loans do not come before the House. The Finance Minister or the Ministry sanctions those loans in consultation with the Transport Ministry. The ultimate control is of the House. There is no question about it. The House has ultimate control over the finances of the Government of India and the Finance Minister, as I said yesterday, is responsible to the House. As a matter of fact, when these loans are given they do not come to the House and so I do not think that any Finance Minister will just venture to give away the loans in the way he likes.

Dr. N. B. Khare (Gwalior): How can the House exercise ultimate control unless the matter is brought before the House?

Pandit Munishwar Datt Upadhyay (Pratapgarh Distt.—East): I am very sorry, that I also could not really follow the explanation given by the hon. Minister. It appears that there is some lacuna in it because, as a matter of fact, this power mentioned here appears to be unlimited. It means the Government could guarantee a loan to any extent and there is no limit to it. I think if it is seriously considered, there is no aspersion on them that they are likely to go beyond the limits. That is not the point. The point is that if a provision is being made that should be made definitely here in this proviso, that up to this limit the Government can guarantee. Otherwise, it appears that there is a lacuna. I will appeal to the hon. Minister just to consider it.

Shri M. S. Gurupadaswamy: I rise to say [illegible] amendment to section 24 is absolutely unnecessary. My friend Mr. Basu just now pointed out.... ....

Mr. Chairman: You are supporting Mr. Basu?

Shri M. S. Gurupadaswamy: I am not supporting [illegible] am opposed to the entire new section 24. He just now pointed out the undesirability of giving loans to an unlimited extent, and those loans being guaranteed by Government.

I feel and I argued it also on the last occasion that you must promote not big business but small ones in the country. From that point of view, I feel that the original section as it is may stand. The amount of 50 lakhs is quite enough to help to promote medium sized industries and within that limit, the Corporation can help even big industries also to a certain extent. If this amendment is agreed to, what will happen? Half-a-dozen industries or a dozen industries may devour the entire resources of the Corporation or even one or two companies like the ship-building companies may devour the entire resources of the Corporation. So, it is dangerous to the economy of the country in the long run if we allow it to happen. As far as possible, the financial accommodation that can be provided by the Corporation should be diffused, should be distributed in the various sectors of our economy and by doing so we will be promoting the over-all economy of the country. If we pass this amendment, this will mean that one or two industries or groups of capitalists will derive all the benefit and there will be a sort of unbalance. Of course, I do not want to say anything about the upper limit or the lower limit, because it is not necessary. I am entirely against the raising of the limit, the limit to which the Corporation can go in issuing the loans.

Mr. Chairman: Your point is that the limit of accommodation should not be altered at all and the old section 24 should stand. I think that is all.

Shri Tyagi: It seems to me that the provision has not been fully appreciated. The genesis of this provision is that we are negotiating loans and we have to negotiate loans again from the World Bank. And it is provided now that in cases where there are certain industries which require bigger loans and their case is one which can be approved by the World Bank, the World Bank will not directly advance the loan but it will facilitate the advance through the Industrial Finance Corporation. In such cases where the World Bank also approves that the industry is really one which deserves to get a heavy loan, that loan will be advanced through this Industrial Finance Corporation. So, in order to enable those bigger projects which come into our scheme of development and which require bigger loans to draw heavy amounts as loans from the International Bank, in case their cases are approved by that Bank, this facility is sought to be given to this Corporation. This is the only motive. In fact, from the ordinary manner in which this process of advancing loans is going on, one may say that they are not going to advance loans worth more than Rs. 50 or 60 lakhs generally, but to enable them to draw from the World Bank higher loans, we want to have this power. From that point of view, this is very important, because we are negotiating now and there are certain projects which have been put to them and they have approved of them. There may be other projects which may be put forward again and they may be deserving of heavier loans. So, this power will facilitate that, and hence it is essential. Without that, the World Bank will not really deal with us, because they want some security or someone to stand as security through whom they can advance the loan. Therefore, it is for this purpose that this power is being asked for.

Dr. N. B. Khare: Does it not mean that the whole country will be mortgaged to the World Bank behind our backs?

Shri Tyagi: So long as there are assets and new assets are being created, there is no question of the whole assets of my hon. friend being mortgaged.

[MR. DEPUTY-SPEAKER *in the Chair*]

Mr. Deputy-Speaker: The question is:

In page 4, omit lines 4 to 6.

The House divided: Ayes 42: *Noes*, 152.

Division No 4] AYES **[2-52 P. M.**

Ajit Singh, Shri
Bahadur Singh, Shri
Basu, Shri K. K
Boovaraghasamy, Shri
Buchhikotaiah, Shri
Chakravartty, Shrimati Renu
Chatterjee, Shri N. C.
Chatterjea, Shri Tushar
Chaudhuri, Shri T. K.
Chowdhury, Shri N. B.
Das, Shri Sarangadhar
Dasaratha Deb, Shri
Deo, Shri R. N. S.
Deogam, Shri
Deshpande, Shri V.G.
Gidwani, Shri
Gurupadaswamy, Shri
Jaisoorya, Dr.
Khare, Dr. N. B.
Krishna, Shri M.R.
Lal Singh, Sardar
Mookerjee, Dr. S. P.
Mukerjee, Shri H. N.
More, Shri S. S.
Murthy, Shri B.S.
Nair, Shri N. Sree Kantan
Nanadas, Shri
Nayar, Shri V.P.
Patnaik, Shri U. C.
Raghabachari, Shri
Raghavaiah, Shri
Ramnarayan Singh, Babu
Rao, Shri P. R.
Rao, Shri P. Subba
Rao, Shri Vittal
Rishang Keishing, Shri
Singh, Shri B. N.
Subrahmanyam, Shri K.
Sundaram, Dr. Lanka
Swami, Shri Sivamurthi
Swamy, Shri N.R.M.
Verma [illegible]

NOES

Achint, Ram Lala
Achuthan, Shri
Agarawal, Shri H. L.
Agrawal, Shri M. L.
Akarpuri, Sardar
Altekar, Shri
Azad, Maulana
Badan Singh, Ch.
Balasubramaniam Shri
Balkrishnan, Shri
Balmiki, Shri
Bansal, Shri
Barman, Shri
Barupal, Shri
Basappa, Shri
Bhagat, Shri B. R.
Bhargava, Pandit M. B.
Bhargava, Pandit Thakur Das
Bhonsle, Major-General
Bidari, Shri
Birbal Singh, Shri
Bogawat, Shri
Boroogah, Shri
Bose, Shri P. C.
Brajeshwar Prasad, Shri
Buragohain, Shri
Chaturvedi, Shri
Chaudhary, Shri G.L.
Chinaria, Shri
Chaudhri, Shri M. Shaffee
Dabhi, Shri
Das, Dr. M. M.
Das, Shri B.
Das, Shri Beli Ram
Das, Shri N. T.
Datar, Shri
Deshmukh, Shri K. G.
Deshmukh, Dr. P. S.
Deshpande, Shri G. H.
Dhusiya, Shri
Dube, Shri U. S.
Dubey, Shri R. G.
Dwivedi, Shri D. P.
Dwivedi, Shri M. L.
Elayaperumal, Shri
Gadgil, Shri
Gandhi, Shri Feroze
Gandhi, Shri M. M.
Gandhi, Shri V. B.
Gautam Shri C. D.
Gounder, Shri K. P.
Islamuddin, Shri M.
Iyyani, Shri E.
Iyyunni, Shri C. R.
Jajware, Shri
Jangde, Shri
Jasani, Shri
Jethan, Shri
Jha, Shri Bhagwat
Jhunjhunwala, Shri
Joshi, Shri M.D.
Joshi, Shrimati Subhadra
Kakkan, Shri

Kale, Shrimati A.
Kasliwal, Shri
Katham, Shri
Keshavaiengar, Shri
Keskar, Dr.
Khan, Shri S. A.
Khedkar, Shri G. B.
Kirolikar, Shri
Krishnamachari, Shri T. T.
Lal, Shri R. S.
Lallanji, Shri
Madiah Gowda, Shri
Majhi, Shri R. C.
Malliah, Shri U. S.
Malviya, Shri B. N.
Mandal, Dr. P.
Masuodi, Maulana
Maurya Din, Shri
Mehta, Shri Balwant Sinha
Mishra, Shri Bibhuti
Mishra, Shri L. N.
Mishra, Shri M. P.
Misra, Pandit Lingaraj
Misra, Shri R. D.
Mohd. Akbar, Sofi
Morarka, Shri
More, Shri K. L.
Mukne, Shri
Muthukrishnan, Shri
Namdhari, Shri
Narasimhan, Shri C. R.
Nehru, Shri Jawaharlal
Nehru, Shrimati Uma
Pande, Shri C. D.
Pannalal, Shri
Pant, Shri D. D.
Pataskar, Shri
Patel, Shri Rajeshwar
Patel, Shrimati Maniben
Prasad, Shri H. S.
Rachiah, Shri N.
Raghubir Sahai, Shri
Raghuramaiah, Shri
Raj Bahadur, Shri
Ram Dass, Shri
Ram Saran, Prof.
Ramanand Shastri, Swami
Ramaswamy, Shri S. V.
Rane, Shri
Reddy, Shri H. S.
Roy, Shri Patiram
Rup Narain, Shri
Sahu, Shri Rameshwar
Sakhare, Shri
Samanta, Shri S. C.
Sanganna, Shri
Satish Chandra, Shri
Shah, Shri R. B.
Shahnawaz Khan, Shri
Sharma, Prof. D. C.
Sharma, Shri K. R.
Shukla, Pandit B.
Siddananjappa, Shri
Singh, Shri D. N.
Singh, Shri H. P.
Singh, Shri T. N.
Sinha, Dr. S.
Sinha, Shri B. P.
Sinha, Shri Jhulan
Sinha, Shri K. P.
Sinha, Shri Satya Narayan
Sinhasan Singh, Shri
Somana, Shri N.
Subrahmanyam, Shri T.
Suresh Chandra, Dr.
Thimmaiah, Shri
Thomas, Shri A. M.
Tivari, Shri V. N.
Tudu, Shri B. L.
Tulsidas, Shri
Tyagi, Shri
Upadhyay, Pandit Munishwar Datt
Upadhyay, Shri Shiva Dayal
Upadhyaya, Shri S. D.
Vaishnav, Shri H. G.
Vaishya, Shri M. B.
Velayudhan, Shri
Vidyalankar, Shri
Wodeyar, Shri

The motion was negatived.

4 P.M.

Mr. Deputy-Speaker: The question is:

> "That clause 13 stand part of the Bill."

The motion was adopted.

Clause 13 was added to the Bill.

Clause 14 and 15 were added to the Bill.

Clause 16.—(*Substitution of new section etc.*)

Shri M. C. Shah: I beg to move:

In page 4, line 30, after "the interest" insert "and other incidental charges."

Shri T. K. Chaudhuri: I beg to move:

In page 4, line 27 for "or otherwise" substitute:

> "or from any other source or any other international and foreign agency".

Shri K. K. Basu: I beg to move:

(i) In page 4, line 27, at the end, add:

> "and may pledge, mortgage, hypothecate or assign to the said Bank or other foreign lender all or any part of the security taken by the Corporation from the industrial concerns for the loans or advances granted in foreign currency".

(ii) In page 4, line 30, at the end, add:

> "and shall supervise utilisation of all such loans."

(iii) In page 4, after line 34; add:

> "Provided that the Central Government shall have the power of superintendence over such industry as to the utilisation of loans granted hereunder."

Shri T. K. Chaudhuri: My amendment is a small one. The meaning of the words "or otherwise" in the proposed section 27 is not very clear. Does this 'otherwise' refer to the consent of the Central Government, or to loans from any other foreign source, other than the International Bank? My amendment only seeks to ensure that the Industrial Finance Corporation will be able to borrow from other foreign sources as well, not only from the International Bank for Reconstruction and Development. The main purpose of my amendment is to ensure that we are not tied to the power or powers who are at present controlling the International Bank.

As an undeveloped country we must have recourse to foreign loans. But if we must have recourse to foreign loans, let us secure that loan from other foreign countries as well, not from the International Bank alone, which is for all practical purposes dominated by the United States of America. There are other foreign countries who might after negotiations be included to advance loans to us. We heard the other day on the floor of the House that Norway had offered certain accommodation to us and offered certain technical help through the U.N. So some such help might be available from other foreign sources also which might not have a great voice in the International Bank but which might be ready and willing to help India. I need not raise the apprehension of hon. Members opposite by saying that even Russia or China might be willing to extend certain loans to us. But if we leave aside the question of the possibility of Russia or China extending to us such loans, there are certain other countries willing to help India and the Industrial Finance Corporation should be able to borrow in foreign currency from those sources also.

Mr. Deputy-Speaker: "Otherwise" is there. The only point seems to be whether "any other source" is necessary. "Otherwise" means any other source. The apprehension seems to be that the word "otherwise" might refer to the previous consent of the Central Government.

Shri Tyagi: There is a comma after "Government".

Mr. Deputy-Speaker: True. But it may refer to both.

Shri Tyagi: It is connected with that clause "foreign currency from the International Bank for Reconstruction and Development" or otherwise.

Mr. Deputy-Speaker: That is the meaning. All right.

Shri K. K. Basu: Clause 16 of this amending Bill seeks to substitute new section 27 for the old section 27 of the parent Act. Under section 27 of the parent Act there were certain provisions for taking loans from foreign countries. But under that section the power of the Government was confined to giving its consent. With the consent of the Government the Corporation could raise a loan from a foreign country. Under the new section the power is going to be extended not only to give its consent but the Government may also guarantee the raising of such loans from foreign countries or the International Bank for Reconstruction and Development.

Before I go into details I would like to say that my first amendment seeks to put in the sub-clause which has been dropped out—I do not know why—from the new section. There it read that the Corporation "may pledge, mortgage, hypothecate or assign to the said Bank or other foreign lender all or any part of the security taken by the Corporation from the industrial concerns for the loans or advances granted in foreign currency". This has been left out in the new section 27 which is before us. I want to put in the sub-clause as was found in section 27 of the parent Act.

Then, in sub-section (2) I want to add part of a sentence, *viz.* "and shall supervise utilisation of all such loans". The sub-section says "The Central Government may.........guarantee all loans taken by the Corporation under sub-section (1) as to the repayment of the principal and the payment of the interest". I want to put in these words, so that the Central Government's responsibility will not cease with the mere guaranteeing but they should also have the right to supervise the utilisation of such loans.

Then after line 34 I want to put in the words:

> "Provided that the Central Government shall have the power of superintendence over such industry as to the utilisation of loans granted hereunder".

This particular section deals mainly with foreign loans. A good deal has been said in the last few days' discussion about the role foreign loans may play in the working of this Industrial Finance Corporation and in the economy of our country. I do not propose to repeat, but I wish to say this. We have just now passed clause 13 relating to section 24 of the Act wherein the limit of the loan has been raised. In giving an explanation to that particular proviso the hon. the Deputy Finance Minister said that we have this power, when the loan is granted, to pledge, mortgage, hypothecate or assign the security taken by the Corporation to the Bank or foreign lender. But if the new section 27 is put in the place of the corresponding old section, there being no provision in the new section for mortgaging or hypothecating the assets of the industrial concern, we feel there may be the possibility that these foreign concerns may grant loans on the main security of the guarantee by the Central Government. The Central Government may guarantee and before

[Shri K. K. Basu.]

guaranteeing the Central Government will certainly look to the scheme and will ascertain whether the scheme can be possibly worked out in the interest of the nation. However, there is a feeling, and with justification too, that unless a specific provision as to mortgage or hypothecation of the assets of the particular industrial concern is there, there is a likelihood and there may be occasions when an industrial concern with Rs. 15 or Rs. 25 lakhs paid up capital may be given a loan of rupees three crores if in the individual judgment of the particular officer or Minister concerned it is found that the particular loan is in the interest of our national industry.

[SHRI N. C. CHATTERJEE *in the Chair*]

Therefore, when this wide power is given to Government, and when, as was remarked by Dr. Khare, there is a possibility of the whole country being mortgaged. I do not know why Government has deliberately dropped that particular sub-clause in the new sub-section.

Industrially backward as we are, there may be necessity of foreign loans. Whenever a foreign loan is taken it must come without any string behind it. Of course, I do not want to go into the details of the argument. The foreign loan must not come to individual industrial concerns or to individual institutions. It must definitely come on Government level because if you study carefully the recent trend in the economic sphere of the world, the tendency of the international trusts is to devour our industries. Our industrialists are playing second fiddle to the big international business rackets. We have seen for what purpose these loans are granted by the International Bank. They have granted loans for our Central Tractor Organisation. They have granted loans for certain dams. Bokharo Thermal Plant or for buying locomotives which do not help us in any way to build up the industrial wealth of the country. Therefore, judging from the past records of this international Bank and the way in which they have tried to come forward financially to help our industry, we cannot accept or consider the particular legislation as so innocuous that we can easily give our support to it. We know in what manner and in what attitude this International Bank works. Therefore, we feel if this Industrial Finance Corporation is allowed to negotiate for a loan with this organisation without any guarantee from the Government as to the manner in which it will be utilised, I am afraid a time may come when you will find the International Bank will completely devour all our national interests. Today the Industrial Finance Corporation is dominated by our big commercial interests. Therefore, we feel that if a [illegible] to be taken, it must come on Government level. That must come without any political string behind it.

As my friend Mr. Chaudhury has pointed out in his amendment, there may be possibilities of borrowing from any other source or any other international and foreign agency other than the International Bank or from the United States of America. All our finances do not come in the form of moneys. They come in the way capital goods, etc. We know, this International Bank, when it last advanced money made it a condition that the goods to be purchased must be purchased from the country where the International Bank was situated. So, we buy things from that country the prices may be unfavourable compared to other countries and we do not get the full utilisation value. Then, see the interest at which we get the money—four per cent. In the United States of America the average interest payable is about 2.2 per cent. or it might be more or less. Therefore, we feel that if any loan has to be raised from any country, it should be raised on the Government level and on terms favourable to us. We must satisfy ourselves that no political string is attached to it.

As has been said In the last four days, the big industrialists of our country are trying to dominate the national economy of our country. We feel that it is the duty of the Government to see that our country's interests are not jeopardised by the actions of these big industrialists.

Our Ministers and Members on the Treasury Benches are well versed in the national economy of this country. If they want to develop our industry, if the are going to have a planned economy of the country—there may be private sectors of industry—it is the bounden duty of the Government to see to and guide the industrial policy of the country. In the planned economy of the country we cannot have today a *laissez-faire* attitude. Therefore, I feel that my amendment is absolutely necessary and Government should see at least that the moneys are properly utilised. It must see that the industries must work properly and in the interest of the nation.

Again reiterating our attitude towards the foreign loan, we say that this amendment must be accepted. It is a modest one and I hope Government will accept it in the interest of our nation.

Shri Kasliwal (Kotah-Jhalawar): I am afraid the amendment of section 27 in the present Act which is sought to be amended by this new clause places the Central Government in a very peculiar position. By a comparison of the two I will immediately show how it is so. Under the present Act. the Corporation could ask for foreign loans only with the consent of the Central Government. Under the proposed amendment a guarantee of the Central Government proposed to be sought. That is one change. Secondly, under the Act. the industrial concern had to pledge, mortgage, hypothecate or assign any of its assets towards the foreign loan. Now, under this new amendment proposed to be sought, the industrial concerns are completely absolved from the payment of any mortgage, hypothecation or pledges. The industrial concerns who were borrowing the foreign currency had to pay either in the same currency or they had to pay in the equivalent of Indian currency at the rate of exchange prevailing at the time of repayment. Now, here, the position is very peculiar. They say now that the industrial concerns will pay only in Indian currency and all the profits or losses which accrue in this exchange will be re-imbursed or paid to the Central Government as the case may be. No industrial concern is going to return. That is my fear. At a time when the Government is not going to have any profits, the Central Government will have to bear the losses arising out of the fluctuations in foreign exchange. Lastly interest and other incidental charges—repayment of all these have to be guaranteed by the Central Government. Therefore, my submission is that by the amendment which is sought to be made, the position of the Central Government is very much worsened. I would submit that the hon. Minister should reconsider the whole position.

Shri M. C. Shah: I have explained in my reply yesterday about foreign borrowings. So, I need not again repeat those very arguments to meet the points made by my hon. friend Mr. K. K. Basu.

With regard to his amendments where he wants the Central Government's superintendence and control, I would submit that we have explained already that the Government has got complete control over all the activities of Industrial Finance Corporation. Again, we have got our representatives there. I have explained at full length yesterday the working of the Industrial Finance Corporation. So, it is not necessary to have those amendments accepted.

With regard to my [illegible] friend's fears about foreign currency, the original section 27 allowed the Industrial Finance Corporation to borrow in foreign currency. But, as I said yesterday, there was a lacuna. Because, foreign currency can be borrowed only if there is a guarantee by the Government of the country in which that concern is located. For that very purpose this amending Bill has been brought. It has been made so clear in the Statement of Objects and Reasons that this amending Bill has emanated because we wanted to have borrowings in foreign currency, that is, from the International Bank for Reconstruction and Development. So, with regard to hypothecation, mortgage and all those things in section 27, my hon. friend need not have any apprehension. Because if he reads sections 24 and 25, where limit of accommodation and power to impose conditions for accommodation are laid down, he will find these provisions there. The Industrial Finance Corporation whenever it chooses, can have borrowings in foreign currency. Then too the following provision has been made. Suppose the International Bank grants a loan of eight million dollars to the Industrial Finance Corporation. As I explained yesterday, this sum of eight million dollars is not to be taken in a lump. It will be taken as and when required by the industrial concerns. If they have purchased goods in the U.S.A. or in Germany or in Japan or in the U.K., and if they want foreign currency of those countries, then, from the amount of eight million dollars, which has been granted as a loan to the Industrial Finance Corporation by the International Bank, we will take that much foreign currency and that much of foreign currency will be credited to the Industrial Finance Corporation there in the U.S.A. From that, payment will be made as and when necessary, according to the requirements of the industrial concern, which has been granted a loan, there, in that currency, either of the U.K. or Germany or Japan or America wherever he has found the goods cheaper and has purchased. The industrial concern which is to be given the loan, will be given here that much of

[Shri M. C. Shah]

Indian currency, and his account will be credited with that much of Indian currency. As it is today, the ratio is 4·76 rupees per dollar. Then, certainly, he will get so much credit here, to have accommodation in foreign currency to that extent. It has been so provided that when a loan is given to the industrial concern, the Industrial Finance Corporation will take mortgage, hypothecation, etc. of its assets. So, it is not necessary to have the old section here.

With regard to losses and profits, there too, there is some misunderstanding. The position is, the Industrial Finance Corporation will have that foreign currency today. Today the rate is 4·76 rupees. Sometime back, before the devaluation, it was Rs. 3·3 or something like that. We just take a loan today. There will be a period of duration of the loan. We will have to repay the loan within 12 years, as it has been provided now. At the time of repayment, suppose, there is a change in the valuation of the dollar and the rupee if there is a loss, the Industrial Finance Corporation cannot bear that. That is usual in all the countries wherever accommodation for foreign currency is done. If there is a profit, the profit will also go to the Government. As a matter of fact, under the Act, it has been so provided that whenever there is a profit over five per cent., it shall accrue to the Central Government. So, my hon. friend need not have any apprehension on that point. As is usual and customary and as is always done in all such foreign borrowings, this has been provided for.

About incidental charges too, I may say this. Suppose, we are in a position to repay the whole amount some four years before the date of repayment which would be 12 years, there are certain conditions: we will have to pay ½ a per cent. commitment charges or premia on bonds. If the period is just about two years or three years or so, it will be 3/4 of a quarter per cent. and not exceeding 1½ per cent. according to unexpired period. These are the incidental charges in the agreement there. Wherever the International Bank has granted loans to any other country, these are the usual conditions. Therefore, we say that incidental charges are to be paid.

Shri K. K. Basu: On a point of clarification, Sir. Is it the intention of the Government, as was provided in section 27 of the parent Act, that they would also mortage the assets of the particular industrial concern to the Bank from which loan is taken?

Shri M. C. Shah: No. When the Government gives the guarantee, why should the Industrial Finance Corporation mortgage those assets.

Dr. Lanka Sundaram (Visakhapatnam): In other words, you give four crores to the Industrial Finance Corporation without guarantee.

Shri M. C. Shah: I did not quite follow the Doctor.

Shri K. K. Basu: May I ask...

Mr. Chairman: I think there has been enough debate.

Shri K. K. Basu: One point, Sir.

Mr. Chairman: I shall put the amendments to the House.

The question is:

In page 4, line 30, after "the intrest" insert "and other incidental charges."

The motion was adopted.

Mr. Chairman: Mr. Chaudhuri's amendment. The question is:

In page 4, line 27, for "or otherwise" substitute: "or from any other source or any other international and foreign agency".

The motion was negatived.

Mr. Chairman: Now, all the amendments moved by Mr. Basu.

The **question is:**

In page 4, line 27, at the end, add:

> "and may pledge, mortgage, hypothecate or assign to the said Bank or other foreign lender all or any part of the security taken by the Corporation from the industrial concerns for the loans or advances granted in foreign currency."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 30, at the end, add:

> "and shall supervise utilisation of all such loans".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, after line 34, add:

> "Provided that the Central Government shall have the power

of superintendence over such industry as to the utilisation of loans granted hereunder."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 16, as amended, stand part of the Bill."

The motion was adopted.

Clause 16, as amended, was added to to the Bill.

Clause 17.— (*Amendment of section 28 etc.*)

Shri Ramaseshaiah: (Parvathipuram): I beg to move:

In page 5, lines 2 and 3, omit "in the absence of any contract to the contrary".

Shri T. K. Chaudhuri: I beg to move:

(i) In page 5, lines 2 and 3, for "in the absence of any contract to the contrary" substitute "notwithstanding any contract to the contrary".

(ii) in page 5, line 6, for "to the person entitled thereto" substitute "to the funds of the concern itself for meeting its other liabilities and obligations".

Shri Ramaseshaiah: Sub-section (1) of section 28 of the Act, empowers the Corporation to take over management of any industrial concern when it commits default or violates any of the conditions of the agreement. The proposed sub-section (3A) of the amending Bill is only an extension of this sub-section. This sub-section provides that "all costs, charges and expenses properly incurred by it as incidental to such management, sale or realisation shall be recoverable from the industrial concern". It further provides how the money realised by the Corporation should be utilised. In stating that the money so realised shall be applied firstly in payment of the costs, charges and expenses, and secondly in the discharge of the debt due to the Corporation, the sub-section states that this can happen only in the absence of any contract to the contrary. I cannot comprehend how there can be a contract to the contrary because the effect of any contract to the contrary would be to deprive the Corporation from recovering its costs, and also the debt due from the industrial concern. I, therefore, suggest that "in the absence of any contract to the contrary" may be omitted. Or, I request the Finance Minister to clarify the position under what conditions such a contract can be entered into by the Corporation with any industrial concern when money is lent by the Corporation to it.

Shri T. K. Chaudhuri: I do not want to dilate much on the amendments I have moved to this clause. They only seek to improve the wordings, particularly in the new sub-section (3A). In the absence of any 'contract', I think there might be some 'contract' which may stand in the way of these expenses of the concern which is taken over by the Corporation being charged to the concern itself. So, I only seek some sort of verbal improvement, and that is all.

Shri M. C. Shah: These powers are there in section 28, and we have made it rather better and well-drafted. About the incidental costs, there must be some provision. There was a certain lacuna. So, we have just inserted this to remove the lacuna.

Mr. Chairman: Is the amendment accepted by the hon. Minister?

Shri M. C. Shah: Not accepted, Sir.

Shri Ramaseshaiah: By that he has not clarified how a contract to the contrary can be entered into.

Mr. Chairman: The sub-section reads:

> "(3A) Where the management of an industrial concern is taken over by the Corporation or any property is sold or realised by it under the provisions of sub-section (1), all costs, charges and expenses properly incurred by it as incidental to such management, sale or realisation shall be recoverable from..."

He wants to know how there can be a contract to the contrary whereby you deprive the Corporation of that power?

Shri M. C. Shah: The amendment is not workable in practice. In some cases it may be necessary to apply a part of the proceeds to pay the auctioneers and the whole proceeds cannot be appropriated by the Corporation. I am simply giving you an instance. There may be certain cases, and we have to provide for them.

Mr. Chairman: The question is:

In page 5, lines 2 and 3, omit "in the absence of any contract to the contrary".

The motion was negatived.

Mr. Chairman: The question is:

In page 5, lines 2 and 3, for "in the absence of any contract to the contrary" substitute "notwithstanding any contract to the contrary".

The motion was negatived.

Mr. Chairman: The question is:

In page 5, line 6, for "to the person entitled thereto", substitute "to the funds of the concern itself for meeting its other liabilities and obligations".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 17 stand part of the Bill".

The motion was adopted.

Clause 17 was added to the Bill.

Clause 18 was added to the Bill

Clause 19 was added to the Bill.

Clause 20.—(*Insertion of new sections 30A etc.*)

Pandit Thakur Das Bhargava: Sir, on behalf of Mr. A. C. Guha, I beg to move:

(i) In page 6, line 14, after "managing agent" insert "or any other director".

(ii) In page 7, line 9, after "managing agent" insert "managing director or chairman or secretary or any other director".

(ii) In page 7, line 14, after "managing agent" insert "or managing director, or chairman, or secretary or any other director".

Shri M. C. Shah: I will accept these amendments with superficial changes if my hon. friend agrees.

Mr. Chairman: There are other amendments also.

Shri T. K. Chaudhuri: I beg to move:

In page 6, line 5, for "any individual, firm or company" substitute:

"any public limited company or co-operative society incorporated in India and a majority of the shares of which are held by Indian nationals".

Shri K. K. Basu: I beg to move:

In page 6, after line 7, add:

"Provided that no appointment shall be made hereunder unless such appointments are sanctioned and consented to by the Central Government."

Dr. M. M. Das: I beg to move:

In page 7, lines 31 to 34, omit:

"and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf".

Mr. Chairman: All these amendments are now before the House and the debate is open.

Shri S. C. Samanta: In the second amendment moved by Pandit Thakur Das Bhargava, I think there is some lacuna. The amendment reads:

"after 'managing agent' insert 'managing director or...' "

It should be:

"after 'managing agent' insert 'or managing director or...' "

Or else, it will not fit in. I think.

Shri M. C. Shah: May I be permitted to suggest that with regard to these amendments of Mr. Guha moved by Pandit Thakur Das Bhargava, I am going to accept them with verbal changes only.

Mr. Chairman: Which one are you accepting?

Shri M. C. Shah: The first amendment but with this change:

"or any director" instead of "or any other director", because I have consulted my draftsmen, and I think it ought to be that way. So, the amendment may read:

In page 6, line 14, after "managing agent" insert "or any director".

Mr. Chairman: Is that all right?

Pandit Thakur Das Bhargava: It is quite all right.

Shri M. C. Shah: I shall accept the second amendment also, with this change:

"after 'managing agent' insert 'managing director or any other director' "

instead of "managing Director or chairman or secretary or any other director".

Pandit Thakur Das Bhargava: What about the chairman and secretary?

Shri M. C. Shah: They will be employees.

Similarly, the third amendment may be changed thus:

> "after 'managing agent' insert 'or managing director or any other director' ".

I have consulted the draftsmen and the legal adviser.

Dr. Lanka Sundaram: Is "chairman" included in the definition of a "director"?

Shri M. C. Shah: The chairman is a director. If a director is chairman, he is included, certainly.

Shri T. K. Chaudhuri: My amendment relates to the appointment of managing agents to the concerns which would be taken over by the Industrial Finance Corporation. When the original Act was under discussion in the predecessor of this House, it was stated by the hon. Minister in charge of the Bill that their purpose was to promote joint stock ventures in industrial concerns. And so it was expressly provided that the Industrial Finance Corporation would give loans or advances to joint stock companies and co-operative societies. But now, it is proposed to appoint as managing agents individuals, private firms and companies—not necessarily limited companies—and power is taken under this clause to that effect. I think this is an invidious provision, and I think the hon. Minister should accept my amendment, which seeks to ensure that no individuals or firms of partners concerned should be appointed as managing agents, but that the responsibility of management should be given only to joint stock companies or co-operative societies. If that power is given to individuals, then we would be actually vitiating the very purpose for which the Act was framed.

Shri K. K. Basu: Clause 20 seeks to put in a new section regarding the rights and powers of the Corporation in regard to the concerns whose management has been taken over by the Corporation.

Sub-section (2) of proposed new section 30A reads:

> "The power to appoint directors under this section includes the power to appoint any individual, firm or company to be the managing agents of the industrial concern on such terms and conditions as the Corporation may think fit."

Under this sub-section, the Corporation gets the power to appoint managing agents for those concerns which they think should be taken over by them, because of mismanagement or any other reason. We know very well the long history of the managing agents and the role they have played so far. If you go through the report of Company Law Inquiry Committee, —of which I would again say the hon. Deputy Minister was a member—you will find that they have dealt at length with the role of the managing agents especially in the industrialisation of our country, and the way in which they have so long hampered the growth of the industrial development of the country. If we give to this Corporation which is predominantly today—and possibly will continue also for some time more—an industrialists concern, the proposed powers, then there is every likelihood that the industrialists would try to push through managing agents of their own choice. Allegations in this behalf have already been referred to during the general discussion earlier. I do not know whether under the present set-up of things, the Government is in a position to categorically say that there should not be any managing agent system, but I hope that in the new Company Law Amendment Bill that will be coming up very soon, this managing agent system will be completely done away with. But so long as it remains, the Government takes the power under this particular section, for the Corporation to appoint managing agents for the working of concerns whose management has been taken over by the Corporation. It has often been said in this House that in many cases, these industrialists while granting the loans make it a condition that such and such persons will be taken on the board of directors, or that such and such persons may be appointed as managing agents. Therefore, I feel, considering the fundamental principle behind the Industrial Finance Corporation, namely the development of our industry, we should see that no power or authority is given which will vitiate the main purpose for which the main Act was passed, and the Corporation was established. Considering the large volume of opinion that has grown against the managing agent system, and the experience we have had during the last one hundred years or more, of the way in which this managing agent system worked against the interests of the country's industrial development, I feel that it is high time that the power to appoint managing agents should be used as restrictedly as possible, especially in these concerns where the Government are the main shareholders, and the people are the main persons interested in their development. That is why

[Shri K. K. Basu]

I have put in an amendment that before the appointment of the managing agents, the Central Government should be consulted.

Of course, I know the hon. Minister will say that in this Industrial Finance Corporation, there are nominees of the nationalised Reserve Bank, and nominees of the Government also are there, and that they are competent to advise Government on the question which managing agents should be appointed. But I feel that in view of the role these industrialists have played so far, there should be a second check on all these things. Unless the Central Government is consulted, before the appointment of the managing agents, a particular set of officials or nominees of the Government who might be in the Board may be overpowered by the influence of the industrialists who dominate it, and may appoint somebody of their own choice as the managing agents of those concerns whose management may be taken over by the Corporation.

With that end in view, I have put in an amendment, which I hope the Government will accept. If the Government is fully satisfied as to the necessity of appointing managing agents, then they might give their consent on the advice of the Industrial Finance Corporation and their own financial experts.

Dr. M. M. Das: Clause 20 of the Bill seeks to give more powers to the Central Government. We have seen that up to this time, Members of the House have been anxious to give more power into the hands of the Central Government, so far as this Corporation is concerned. But here is an occasion when the House should come forward to curtail the powers given under sub-section (2) of the proposed new section 30E. We appreciate the anxiety on the part of the Government to have full financial control over this Corporation, when we consider the huge amount of public money that has been invested in this Corporation, and when we realise that every pie contributed by this Corporation has been guaranteed by the Government, we are here to give into their hands the powers they want. But before we hand over this power to Government, we must ourselves know what powers we are giving into the hands of the Government, and their [illegible] nature also. Sub-section (2) of [illegible] 30E seeks to give power to [illegible] Central Government to withhold the application of any provision of the Indian Companies Act, from being applied to any concerns whose management has been taken over by the Corporation, by simply inserting a notification in the Official Gazette. I take strong exception to the words—

> "and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf..."

This proviso will empower the Central Government to render null and void any provision of the Indian Companies Act in the case of any concern whose management may be taken over by the Corporation. This power is rather very wide and sweeping. I for myself am not prepared to give into the hands of the Government such sweeping powers. We want to know the exact nature of the powers wanted by the Government. We want to know the exact provisions of the Indian Companies Act, which the Government wants to render null and void. By giving an insertion in the Official Gazette the Central Government will be able to render null and void any provision of the Indian Companies Act. The Indian Companies Act is an Act passed by the Central Legislature, and here the Government wants power to do away—nullify—any provision of that Act simply by inserting a notification in the Official Gazette.

5 P.M.

Babu Ramnarayan Singh (Hazaribagh West): Five o'clock, Sir.

Dr. M. M. Das: My submission is that our Government should come forward before this House with concrete proposals so that we may know the exact nature of the powers that we vest in the hands of the Government.

Mr. Chairman: Do you really want this power, Mr. Shah, to make any modification in the Companies Act?

Shri M. C. Shah: It is in supersession of the powers under the Indian Companies Act. This Parliament has passed a legislation of this sort. We have bodily taken, almost, from that—the Sholapur Spinning and Weaving Mills (Special Provisions) Act. When the management of the Sholapur Spinning and Weaving Mills was taken over, special legislation was passed by this Parliament and these sections have been modelled on that legislation. It is absolutely necessary, when the management is to be taken over in certain cases where the instalments are not paid and where it is against the interests of the Industrial Finance Corporation. The Provisional Parliament passed a legislation of this type. *(Interruptions).*

So, that is the reason why we have introduced this. With regard to the managing agency, I may say that that power will be used only in rare cases. As a matter of fact, we do not want and the Industrial Finance Corporation does not want to appoint managing agents as far as possible.

With regard to the allegations referred to in yesterday's debate, some Members said that the directors appointed by the Corporation in certain industrial concerns which had taken loans from the Industrial Finance Corporation were relatives—nephews or brothers-in-law—of the Directors of the Corporation. I have just looked into the file and I find that wherever a director has been appointed by the Industrial Finance Corporation, that director is an officer of the Corporation. We have got three branches—Bombay, Madras and Calcutta. In one or two cases, it was the Director of the Industrial Finance Corporation of the region and at one time one senior official of the Food and Agricultural Ministry. Not a single person outside that set up has been appointed as director in those concerns which have taken loans and where the Industrial Finance Corporation found that a director ought to be there.

So, as I told the House yesterday, there is an imaginary apprehension here too. We want to appoint some men who can manage. As a matter of fact, a concern may have taken a loan of Rs. 50 lakhs, that concern may be worth—I mean block account—more than a crore of rupees and because of certain circumstances we have to take over the management. If we cannot find a very suitable person to take over the management, it may be necessary, in rare cases, to have a managing agent. That is the reason why we have introduced this and this power of appointing managing agents will be used very rarely. Under the Company law also, if I remember aright, the managing agency is not to be abolished but it is to be controlled.

Mr. Chairman: The question is:

In page 6, line 5, for "any individual, firm or company" substitute:

"any public limited company or co-operative society incorporated in India and a majority of the shares of which are held by Indian nationals".

The motion was negatived.

Mr. Chairman: The question is:

In page 6, after line 7, add:

"Provided that no appointment shall be made hereunder unless such appointments are sanctioned and consented to by the Central Government".

The motion was negatived.

Dr. M. M. Das: In view of the reply given by the hon. Minister, I beg leave of the House to withdraw my amendment.

The amendment was, by leave, withdrawn.

Mr. Chairman: Then Mr. Guha's amendments moved by Pandit Bhargava, have been accepted by the hon. Minister with slight modifications.

The question is:

In page 6, line 14, after "managing agent" insert "or any director".

The motion was adopted.

Mr. Chairman: The question is:

In page 7, line 9, after "managing agent" insert "managing director or any other director".

The motion was adopted.

Mr. Chairman: The question is:

In page 7, line 14, after "managing agent" insert "or managing director or any other director".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 20, as amended, stand part of the Bill."

The motion was adopted.

Clause 20, as amended, was added to the Bill.

The House then adjourned till a Quarter to Eleven of the Clock on Friday, the 5th December, 1952.